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FIRST SESSION—THIRTIETH PARLIAMENT

1974

THE SENATE OF CANADA
PROCEEDINGS
OF THE
STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

Issue No. 1

THURSDAY, OCTOBER 17, 1974

Main Estimates laid before Parliament for the fiscal year ending March 31, 1975 and
Supplementary Estimates "A" laid before Parliament for the fiscal year ending March 31,
1975

REPORT OF THE COMMITTEE

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON NATIONAL
FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Zuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extracts from the Minutes of Proceedings of Senate of Tuesday, October 15, 1974:

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending the 31st March, 1975, tabled in the Senate on Tuesday, 8th October, 1974.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1975, tabled in the Senate on Tuesday, 8th October, 1974.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,

Clerk of the Senate.

Minutes of Proceedings

Thursday, October 17, 1974.

Pursuant to notice the Standing Senate Committee on National Finance met this day at 9.30 a.m. and proceeded to the election of a Chairman in conformity with Senate Rule 69.

Present: The Honourable Senators Barrow, Benidickson, Carter, Côté, Croll, Flynn, Grosart, Langlois, Neiman, O'Leary, Robichaud and Sparrow. (12)

Also present but not of the Committee: The Honourable Senators Haig, Riel and Smith. (3)

On Motion of the Honourable Langlois, the Honourable Senator Everett was elected Chairman. (*In absentia*).

On Motion of the Honourable Senator Carter, the Honourable Senator Sparrow was elected Deputy Chairman.

The Honourable Senator Croll made a statement concerning elections of Chairmen of Standing Committees. (*For verbatim statement please turn to the beginning of the evidence of this issue*).

At 9.35 a.m. the Committee then proceeded to the examination of the Main Estimates laid before Parliament for the fiscal year ending March 31, 1975 and also to the Supplementary Estimates "A" laid before Parliament for the fiscal year ending March 31, 1975.

In attendance: Mr. J. H. M. Cocks, Director of Research and Administration.

It was agreed that unless and until otherwise ordered by the Committee, 800 copies in English and 300 in French of its day-to-day proceedings be printed.

From the Treasury Board Secretariat:

The Honourable Jean Chrétien, President;

Mr. B. A. MacDonald, Assistant Secretary, Program Branch.

The Treasury Board undertook to furnish certain answers asked by Honourable Senators to this Committee at the earliest possible moment.

It was agreed that the Main Estimates and Supplementary Estimates "A" aforesaid mentioned be reported as per orders of reference.

At 11.45 a.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,
Clerk of the Committee.

Report of the Committee

Thursday, 17th October, 1974

The Standing Senate Committee on National Finance, to which the Estimates and Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1975 were referred, has in obedience to the orders of reference of Tuesday, October 15, 1974, examined the said Estimates and Supplementary Estimates (A) and reports as follows:

1. Your Committee was authorized by the Senate as recorded in the Minutes of the Proceedings of the Senate of the 15th of October, 1974, to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending March 31, 1975, tabled in the Senate Tuesday, October 8, 1974, and to examine and report upon the expenditures set out in the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1975, tabled in the Senate Tuesday, October 8, 1974.

2. In obedience to the foregoing, your Committee examined the Estimates and Supplementary Estimates (A) and heard evidence from the Honourable J. Chrétien, President of the Treasury Board, and Mr. B. A. MacDonald, Assistant Secretary, Program Branch.

3. The Main Estimates for 1974/75 amount to \$23,296 million. Of this amount \$11,544 million are statutory in nature, \$10,478 million represent funds for which Parliament is asked to provide new authority and \$1,274 million are non-budgetary items representing loans, investments and advances. In the 1973/74 fiscal year, the Main Estimates amounted to \$19,186 million and by two Supplementary Estimates they were increased to \$20,989 million, of which \$9,849 million were statutory in nature, \$10,231 million represented funds for which Parliament was asked to provide new authority and \$909 million in non-budgetary items.

4. The difference between the Main Estimates of 1974/75 (\$23,296 million) and the final authorization for 1973/74 (\$20,989 million) is \$2,307 million of which \$1,942 million were budgetary items. Some of the major increases are as follows:

Canadian International Development Agency\$	50 million
National Health and Welfare	1,286, million
Post Office	109 million
National Defence	145 million
Canadian Broadcasting Corporation	60 million
Environment	51 million
Agriculture	55 million

The Committee questioned the witnesses on these and other increases.

5. The Committee was particularly gratified that the President of the Treasury Board said that he hopes the Federal Government's expenditures for 1975/76 would account for a no greater share, or even less of a share, of the gross national product than was accounted for in 1974/75, observing that your Committee has recommended in the past that the annual increase in Federal Government expenditures should not exceed the annual increase in the gross national product. Your Committee reaffirms this recommendation.

6. Mr. MacDonald informed your Committee that the items in the Supplementary Estimates (A), the total of which amounts to \$889 million for budgetary items and \$15 million for nonbudgetary items, relate to special warrants issued during the period of dissolution of Parliament except for the following items:

Vote 52a—Department of Energy, Mines and Resources—Energy Supplies Allocation Board \$330 million

Vote 41a—Department of Industry, Trade and Commerce—Grains and Oilseeds 79 million

Respectfully submitted.

H. O. Sparrow
Deputy Chairman

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, October 17, 1974.

The Standing Senate Committee on National Finance, to which were referred the Main Estimates laid before Parliament for the fiscal year ending March 31, 1975 and Supplementary Estimates (A) for the fiscal year ending March 31, 1975, met this day at 9.30 a.m.

The Clerk of the Committee: Honourable senators, in accordance with rule 69 is it your pleasure to elect a chairman?

Senator Langlois: I move that Senator Everett be elected chairman.

Senator Carter: I second that motion.

Senator Croll: Before somebody moves that nominations be closed and Senator Everett is elected, I should like to make an observation. I have no objection to his being elected at all, as a matter of fact, but last session we discussed Senate reform, and in the Speech from the Throne further reference was made to Senate reform. If you recall, I spoke particularly about chairmanships of committees and the fact that they had been almost perpetually in the same hands year after year. As a matter of fact, in one particular instance one of the chairmanships had persisted for almost 20 years.

In so far as Senator Everett is concerned, I appreciate his capacity, his ability, his integrity, his even-handedness, and I think he is an excellent chairman. But, on the other hand, something must be said for the people who are deputy-chairmen, who are members of the steering committee, who are not non-persons on the committee. I had hoped to appeal to Senator Everett not to accept the chairmanship. I did not know that he would be absent. He is not here, however, and I certainly am not going to oppose his election, except that as a matter of record I would indicate that it appears that those of us who had hoped some changes would come about with the new Parliament are finding that the more it "changes" the more it remains the same. Since Senator Everett is not here, I will say nothing more at the present time.

The Clerk of the Committee: In that case the motion stands.

Senator Carter: I move that nominations be closed.

The Clerk of the Committee: Senator Everett is then elected chairman, in absentia.

Senator Langlois: I move that Senator Sparrow be appointed deputy chairman.

Senator Croll: I second that.

The clerk of the Committee: There being no further nominations, Senator Sparrow is elected deputy-chairman.

Senator Herbert O. Sparrow (*Deputy Chairman*) in the Chair.

The deputy Chairman: First of all, honourable senators, I should like on your behalf to welcome the Minister, the Honourable Jean Chrétien, and to congratulate him on his appointment to the important position he has assumed.

We look forward to the opportunity of working with you in this Parliament, sir. As a committee we have certainly received a great deal of co-operation from you in your other capacities, and we look forward to that same co-operation in the future.

I welcome as well the officials who are with you this morning: Mr. Bruce MacDonald, with whom all senators are familiar because of his many appearances before this committee in the past; and Mr. Ross Murray.

Senator Langlois: Is Mr. MacDonald still Assistant Secretary?

Hon. Jean Chrétien, president of the Treasury Board: Yes.

The Deputy Chairman: I should also like to welcome back those who were members of the committee in the last Parliament, and I extend a welcome to two new members of the committee in this first session of the new Parliament, Senator O'Leary and Senator Barrow, who is not only a new member of the committee but a new member of the Senate as well.

Honourable senators, there is some urgency in looking at and studying the estimates, and with your indulgence and agreement I would suggest that today we look at the main estimates as well as the supplementary estimates (A).

We are fortunate to have the minister with us today, but we may not be so fortunate next week if it is our desire to continue to look at the estimates then. I understand, however, that members of his staff will certainly be available for us, if we require them next week. At any rate, we can decide later in the meeting whether we wish to hold further hearings next week. At the moment I should like to open up the discussion on either the main estimates or supplementary estimates (A), whichever area honourable senators would like to pursue.

If you have an opening statement, Mr. Minister, we should be pleased to hear you.

Hon. Mr. Chrétien: Yes, Mr. Chairman. First, I would like to thank you for your good wishes. I am happy to meet with the members of this committee. I can assure you that whenever you need my presence I will be happy to come. It is very important that we be available when people want to know a little more about our business.

I have a short statement in French that I would like to make. As I am the minister responsible for bilingualism, I have to use a little French!

[Translation]

Mr. Chairman, as you know, the General Elections held in July disturbed the usual calendar for passing the estimates. In accordance with custom, Parliament would have been called to vote on all the items of the main Budget around the end of June, when temporary appropriations would have been exhausted; afterwards, in November, the Government would have presented its first supplementary estimates to have them passed by Parliament around December 10.

But, as Parliament was not sitting, the Government used the powers provided for in the Financial Administration Act to obtain, by special warrants, the necessary appropriations to finance its operations during the months of July, August, September and October. The Financial Administration Act stipulates that the amounts thus obtained must be included in the first act dealing with appropriations passed by Parliament afterwards: In the present case, this means the bill which will be presented in Parliament around the end of the month.

[Text]

Senator Croll: Mr. Minister, I am sorry, but we cannot hear you; it is not coming through in English.

Hon. Mr. Chrétien: Then I will continue in English. Most of the amounts in the warrants were already in the main estimates tabled last February and reviewed by the House committees in the weeks that followed. I tabled those main estimates again on October 3. Any warrant item which was not foreseen in the main estimates has been included here in the supplementaries tabled at the same time.

Two other items are also included. The first is the cost incurred since September, 1973 in maintaining the subsidies designed to reduce consumer prices for bread and other wheat products—the two-price wheat program. The second is the cost of subsidizing the price of petroleum products in the months of November and December.

The continuing payments relative to petroleum products and to the two-price wheat will be the subject of legislation likely to be introduced during this session.

I am sorry that you heard in English only half of my statement, but it was just a statement that I wanted to make for the record.

Now, if you want to direct questions to me I will try to reply to the questions as quickly as possible. When I have no answer I will say that I have no answer, but I will make sure that we provide the committee with the answer in writing as quickly as possible.

As you know, I have Mr. Bruce MacDonald with me, who is a specialist in the department, and he will also be available to the members of the committee at any time you need him.

Senator Robichaud: Are we proceeding from page to page, according to the document we received last night?

The Deputy Chairman: No. I thought we would probably just open it up for any area of discussion that honourable senators want. I did not want to go into a format of

starting at the beginning and going to the end. The information you received is only general information.

Senator Robichaud: So we can go to specific questions?

The Deputy Chairman: You can ask any specific questions you want.

Senator Grosart: Mr. Chairman, I have a few general questions. They arise mainly out of the usual excellent preface. The first one arises from page 1-8, paragraph 10. This refers to the inclusion of statutory payments in the programs of each department and agency prior to 1973. I wonder if we could have an explanation of that. We had a brief one last year, but we did not get the full import of, or the full reason for, this change.

Mr. B. A. MacDonald, Assistant Secretary, Program Branch, Treasury Board Secretariat: The reason for including the statutory items in the supplementary estimates was to provide more information. It was a sort of natural development out of the new form of the estimates which were designed to provide more information on capital projects, on grants and contributions, and it was realized that there was a real break in information when there were large changes in statutory items throughout the year which were not recorded in the supplementary estimates.

Senator Grosart: And would that apply also to non-budgetary items?

Mr. MacDonald: The only non-budgetary items that appear in the estimates are those which require authorization through appropriation acts. Those for CMHC loans do not appear in estimates, either main estimates or supplementary estimates.

Senator Grosart: And yet other figures are given in various places for information. Why are they not all included?

Mr. MacDonald: It is a matter, Senator Grosart, that is under study at the present time to see how we can make a meaningful presentation in the main estimates; but it is, I would agree, a real deficiency.

Senator Grosart: I raise that point, Mr. Chairman, because there seem to be some inconsistencies in the presentation of the estimates. May I jump to 1-44, which is again a summary table? Let us take the bottom line figure. We have a figure given under the title of "General Research," broken down into social science research and physical science research, for a total of \$273.9 million. The inconsistency that I see is that anybody looking at the Blue Book to see what we are spending on research and development or science activities would be greatly misled by this, because this is a total summary and many items of research are not included in there. The total figure is something like \$850 million on research and development alone—that is total federal government expenditure generally known as FERD.

Let me refer to a few other items in this same table that are not included in that total. I realize the total is "General Research," but that is all research. There is no designation "general research" in the nomenclature of R and D or science policy. But if we go back we find that there are other research items. For example, on page 1-38 there is \$54 million for defence research, on page 1-40 there is \$70 million for agricultural research, on page 1-42 there is \$20 million for geological research and on the same page there

is \$7 million for AECB research. Again on the same page there is \$15 million for industrial research assistance, National Research Council. I just wonder why this summary is given here under the title "General Research," because I suggest it is very misleading.

Mr. MacDonald: Mr. Chairman, the functional classification, as you may know, goes: general government, defence, external relations, economics, transportation and communications, etcetera. And where it was possible to show research expenditures in association with primary functions, such as those for agriculture, with agriculture under the economic function, this was thought to be more meaningful because of the general attitude taken with respect to the estimates. That is that research expenditures should be viewed in their program context rather than independently.

Senator Grosart: But I suggest, once again, that it would be advisable to have somewhere a summary of all government expenditures on R and D and science activities. It runs too over \$1 billion, and I am not criticizing the amount because I am very much in favour of expenditure in that field. However, there are people looking at this question on a comparative basis, and last year I saw this figure quoted in an international comparative summary as the total Canadian expenditure.

Hon. Mr. Chrétien: Well, senator, we will look at the possibility of giving that total picture. As Mr. MacDonald explained, there is the problem of jurisdiction. Different departments are keen to have those items within their control. However, I understand your point of view, that sometimes it is misleading because sometimes people read the total figure as being \$273.9 million. That is not the real factor. However, I shall point out your problem to the Ministry of Science and Technology, and perhaps they should try to make the compilation of all research money.

Senator Grosart: They have done it in the past. That is one of the reasons I raise the question.

Hon. Mr. Chrétien: But if it is available, I do not know why you are complaining.

Senator Grosart: It is available only because a committee of the Senate recommended it and urged that it be done in that way. So we have *ex post facto* a breakdown in one of our publications, but I am talking about the main estimates and am saying that the figures there could be and, indeed, have been misleading.

Hon. Mr. Chrétien: But you have another problem. That is a compilation of all the expenditures of the government and if you do not split it into different sections perhaps the people who are interested in agricultural research will look at the estimates for the Department of Agriculture and say, "There is no research at all in agriculture." So then you would have a reverse problem.

Senator Grosart: That could not happen, Mr. Minister, because I am talking of the summary. These figures for agriculture and so on do appear and we have them in the detailed expenditures of the department. I am only complaining that when you take the summary and say, "Here is what Canada is spending on general research," and come up with a figure that is in fact one-quarter of it, then that is misleading.

Hon. Mr. Chrétien: We will try to cover your point, but at the same time we have to balance and have continuity. I

hope we can do it, but I hope your friend who used the bad figures will be told he was wrong.

Senator Grosart: As a matter of fact, he was an official of the OECD.

Hon. Mr. Chrétien: That does not guarantee that he is right.

Senator Grosart: No, he was wrong, there is no question, but I am only saying that I think he was fairly justifiably misled.

There is another example, if I may indicate it, in the same summary table, "Details of Budgetary Estimates." This is 1-36, where we have "Assistance to Developing Countries," under "Foreign Affairs," indicating a total figure of \$507.4 million, which takes in a great many things, but the annual assistance to developing countries is shown as \$350.8 million. The fact of the matter is that we are very proud of the fact that it is close to twice that. Again, I know this is merely budgetary.

Hon. Mr. Chrétien: Yes, it does not include the loan items.

Senator Grosart: But, again, I think it is misleading in this sense, that here is the title in big print, "Assistance to Developing Countries"—CIDA, \$350.8 million, when the figure is \$507.4 million. I say this only in the general hope that we in this committee can add a few little things, as we have done in the past, such as dollar items and so on, which I think have improved the presentation of the estimates.

Another item which I would like to call particularly to Mr. MacDonald's attention is the word "Forecast" in one of the Summary headings. This again is a very misleading word. You come before us saying "forecast expenditures" for a certain year. The forecast is made at the end of the current year, so you have nine months under your belt, but you still call it a forecast. Maybe I am a little thick in the head, but the first time I ran across it I took about half an hour to figure out why it was called a forecast.

Hon. Mr. Chrétien: But those Blue Books are prepared before the expenditures are made and you see them many months later.

Senator Grosart: No, Mr. Minister. This is a forecast made at the end of the year, actually December 31, of the expenditures for the financial year.

Mr. MacDonald: I am not too sure I understand the question.

Hon. Mr. Chrétien: We do not understand the question too well, Mr. Chairman.

Mr. MacDonald: Oh, I believe I understand. In the various detailed tables, senator, where there is a forecast of expenditures for 1973-74 we are attempting to forecast the amounts of money that will appear in any final supplementary estimates that we are sure of at that stage. It is also to take account of the fact that it looks as though sometimes the amounts contained in the main estimates for 1973-74 will not be spent, so that the forecast expenditure could be less. At December for 1973-74 the only thing we can present is a forecast.

Senator Grosart: I only question the word because if you have nine months of your expenditures in hand and

then call it a "forecast", I will just say it confused me at one time. It is not really a forecast.

Hon. Mr. Chrétien: It is if there are three months to go and the money has not been expended.

Senator Grosart: In my opinion, it is an estimate, really. I understand why you do not wish to use the word "estimate", because it has a specific meaning.

Senator Barrow: That is the exact word that is used in the reports of the companies, and in every legislature. It is normal.

Senator Grosart: These forecasts are a year ahead.

Hon. Mr. Chrétien: Exactly—a day, a week, ten months, or a year, it is always ahead.

Senator Robichaud: I refer to the document that was submitted last night, the second paragraph, Family Allowances. I understand that this is government policy and that it is going to be introduced by legislation very shortly. There will be an increase in Family Allowances to \$20 from \$6, \$8 or \$10. I would like to understand the policy to make these payments part of the taxable income. In my estimation, the income tax form is sufficiently complicated at the moment. These payments are made payable to the wife of the taxpayer and it complicates things. Has the possibility of reducing that amount of \$20 to, let us say, \$18, and making it tax free, been considered?

Hon. Mr. Chrétien: The social benefit would not be the same. We wanted to give \$20 to every child in the country. I pay taxes on the money my wife receives, but I am happy to do that because if my revenue is high, I pay out of that money a certain amount back to the government in tax. But people who are on the lower income level do not pay that much taxation and some do not pay any tax; so the net benefit for the family on the lower income level should be better than for those who make more.

Senator Robichaud: In other words, it protects the families on the lower income levels?

Hon. Mr. Chrétien: It was a scheme to make sure that the people on the lower levels of income would get more than those on the higher levels. If you are talking in terms of complexity, if we had devised a scheme based on the income of every citizen it would have been even more complicated, because we would have been obliged to look at the revenue of the family before we determined the amount going to that family. We felt it was more equitable, and the simplest way, to distribute money to make sure that those who needed it most benefited from it most.

The Deputy Chairman: Does that answer your question, Senator Robichaud?

Senator Robichaud: Yes.

Senator Croll: Where do the loans to CMHC appear?

Hon. Mr. Chrétien: It does not appear in the estimates.

Senator Croll: What does it amount to? It comes under general revenue.

Hon. Mr. Chrétien: Most of the financing of CMHC is through loans from the Minister of Finance to that corporation. We have the total...

Mr. MacDonald: In rough magnitudes, they vary between \$500 million and \$700 million a year, loans to CMHC under the National Housing Act.

Senator Croll: Where do the total loans stand at the present time, allowing for the repayments?

Mr. MacDonald: Net loans? There is considerable variation, senator, from year to year. They usually are in excess of \$2 billion, but they have been as high as \$2.5 billion. I would have to verify that.

Senator Benidickson: Do you have figures of the percentage of loans versus arrears? Do you have any information as to the length of time—the number of months or years—that loans are carried on the books in arrears?

Hon. Mr. Chrétien: We do not have that information with us at the present time.

Senator Benidickson: Would that information come by an examination of CMHC or from you?

Hon. Mr. Chrétien: It would probably be advisable to get the information from officials of CMHC. It is more or less a crown corporation. We are not as much involved with their operation as we would be with the department. With the development of the Ministry of Urban Affairs, more items are becoming budgetary items, so we will have more direct involvement.

Senator Croll: Mr. Minister, what becomes budgetary under Urban Affairs, for instance?

Hon. Mr. Chrétien: There are some grant items involved in Urban Affairs programs.

Senator Croll: Forgivable grants?

Mr. MacDonald: Forgivable grants, yes.

Senator Croll: Are these to provinces or municipalities?

Hon. Mr. Chrétien: Yes, or to private citizens. Under the Assisted Home Ownership Program, for instance, both loans and grants are provided. There is provision for a grant of up to \$600 per house and, as well, an applicant under that program could benefit from a reduction in the rate of interest to 8 per cent. These subsidies call for direct outlay by the federal government, and the amount of money involved will be seen in the estimates under Urban Affairs.

Senator Croll: The only subsidy we are talking about now is the one in the amount of \$500 or \$600, which is to cover the probable cost involved in the 11 per cent tax on lumber. That is one aspect. The other is the reduction in the interest rate to about 8 per cent. Those are outright grants.

Hon. Mr. Chrétien: Yes.

Senator Croll: And what amount has that involved for this fiscal year? I believe \$50 million is the amount, is it not?

Hon. Mr. Chrétien: I do not know the actual amount of money involved. We can provide you with the cost of that program in terms of grants. There is a ceiling of \$450 million. At the beginning of the year it was predicted to be \$300 million, but we have now increased that to \$450 million. The program has been such a success that the

Minister of Urban Affairs, I understand, is left with no money under that program. Everyone took advantage of it and he is left with no further moneys to allocate under that program.

There are other grant programs involved. There is a forgiveness feature in the loans to municipalities, for instance, in respect of sewage lines, and so forth. The forgiveness aspect of the loans will also be considered as direct expenditures by the government and not as loan items.

Senator Croll: Does that amount to a great deal?

Hon. Mr. Chrétien: Perhaps Mr. MacDonald can find that figure and give it to you in a few moments.

Senator Grosart: In connection with both of these matters, the deficits of crown corporations and grants, I wonder whether we could have an explanation of the difference between grants and contributions and the way they are handled, particularly in respect of government auditing. That is referred to briefly at page 1-10, paragraph 19, and also the treatment that is given to the deficits of crown corporations which appears at page 1-12, paragraph 25.

Mr. MacDonald: The difference between grants and contributions in the estimates, as you will note, is that in the actual vote title we refer in general to the program. It will state the grants and contributions listed in the estimates. It is generally accepted that Parliament should vote each grant in particular or by definite class. The words that appear in the details of the estimates are considered to have a legal effect, both as to purpose and as to amount. However, contributions are shared costs of one kind or another with another level of government, or another authority, and their justification is part of the program, either in the particular legislation for the program or in the general wording of the estimates. Therefore, the words that describe the contributions here are of an informative rather than a legislative character. In addition, grants are given without condition, while contributions are subject to audit by a representative of the federal government to ensure that the money given is spent for the purpose, and that the contribution from the other contributor is in fact received.

Senator Grosart: Do I take it from that that no grants are audited?

Hon. Mr. Chrétien: When it is a grant it is a grant, and when it is a contribution it is a different thing. We have approved grants, and a grant does not call for an audit by the government. This is the distinction between a grant and a contribution.

Senator Grosart: But one of the complaints that has been made is the lack of auditing of certain grants, particularly to the crown corporations. In the science field it is known as the lack of technological assessment; you have a grant and you do not know what happens to it or what is done with it.

Mr. MacDonald: The audit that I am referring to is a pure financial audit, not an effectiveness audit. The books of crown corporations do receive a financial audit by an auditor, either one appointed under its own legislation or in general by the Auditor General.

Senator Grosart: But not all grant-receiving entities are audited by the government.

Mr. MacDonald: No. What you say is correct. I thought you referred to crown corporations.

Senator Grosart: Not all crown corporations even.

Hon. Mr. Chrétien: There is an audit for all crown corporations that have been incorporated under Canadian legislation, but sometimes the auditors are appointed by the crown corporation itself.

Senator Grosart: So it is not a government audit within the terms of the Financial Administration Act.

Hon. Mr. Chrétien: The crown corporations may be called upon to appear before Parliament, and if there is any question about the grants they receive, an answer can be obtained from crown corporations directly when they appear before Parliament.

Senator Grosart: It follows that with respect to paragraph 25 on page 1-12, deals with the deficits of crown corporations, the general rule is not observed in this case, the one-vote-to-one-program rule.

Mr. MacDonald: You may recall that in 1968 and 1969, when officials of the Treasury Board appeared before the Public Accounts Committee, this was one of the items on which the Public Accounts Committee insisted that an exception be made, that crown corporations' deficits stand out separately in separate votes from what I might call the program vote of the department with which they are associated.

Senator Grosart: In which category would you put the votes to cover crown corporation deficits? They are not grants; they are not contributions. What are they?

Mr. MacDonald: They are classified in the standard object table as "all other expenditures," which I suppose is a way of avoiding the issue.

Senator Robichaud: Some of these grants are statutory and some are discretionary. Does that not make a difference in the accounting, in the Blue Book?

Hon. Mr. Chrétien: It is a grant.

Senator Robichaud: It is a grant, but is it statutory or discretionary?

Hon. Mr. Chrétien: It makes no difference, It is a grant.

Senator Croll: Can you tell us the distinction between a grant and a contribution?

Hon. Mr. Chrétien: Mr. MacDonald just gave one. A grant is a grant; you give money to somebody. A contribution is where you are called upon to share. When we are obligated by law or by contract with a province to share in a program the money that we contribute is a contribution; it is not a grant.

Senator Croll: It is an example that I want. Give me an example of a grant as against a contribution. I appreciate that contributions would be building sewers, for example, and so on, under provincial-municipal, but when do you make a grant?

Hon. Mr. Chrétien: Medicare is a contribution.

Senator Croll: Yes.

Hon. Mr. Chrétien: And family allowances is a grant.

Senator Robichaud: All the cost-sharing programs with the provinces are contributions?

Hon. Mr. Chrétien: Yes.

Senator Robichaud: And not grants.

Hon. Mr. Chrétien: No.

Senator O'Leary: What is a loan that you do not hope to get back?

Hon. Mr. Chrétien: It is a loan.

Senator O'Leary: Does it not become a grant?

Hon. Mr. Chrétien: No, it is always in the books as a loan.

Senator O'Leary: It is in the books as a loan, even though you do not hope to get it back? I am thinking of the CBC, for example. Surely you are not expecting to get back the loans you are making to the CBC? If so, when do you expect to get them back? If you do not get them back, do they not in fact become a grant?

Hon. Mr. Chrétien: It is a loan.

Senator O'Leary: Oh, well, you can call it that. You can call it what you like, but it is a grant.

Hon. Mr. Chrétien: Well, senator, some day they may be able to pay us back. You are skeptical, Senator O'Leary, and perhaps I have to share some of your skepticism in that regard.

Senator O'Leary: Do you think that if the CBC went to the Bank of Nova Scotia tomorrow and asked to borrow \$200 million the bank would give them the loan?

Hon. Mr. Chrétien: If we guarantee the loan, they will say, "Yes."

Senator Croll: Mr. Chairman, we have talked about contributions. Aside from the point that Senator O'Leary makes so pointedly, can you give me some examples of grants, please?

Hon. Mr. Chrétien: On page 16-22 there is a list of grants. Under grants to health organizations there is a grant to the Canadian Foundation on Alcohol and Drug Dependencies, a grant to the Canadian Mental Health Association, a grant to the Canadian Paraplegic Association, a grant to the Canadian Public Health Association, a grant to the Canadian Red Cross Society, and so on. There is a whole series of grants there. You will find that under "Health Services Improvement." If you look just down below that you will see that there are contributions. There are contributions to health manpower in Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario and so on. So on page 16-22 you have a good example of what is a grant and what is a contribution.

Senator Grosart: Mr. Chairman, on the CBC matter, has there not been a fundamental change, in that the capital requirements of the CBC are now considered a budgetary vote rather than a loan?

Hon. Mr. Chrétien: I am informed that the answer is yes. We are going to the point of correcting the situation that Senator O'Leary alluded to.

Senator Carter: While we are on that subject, Mr. Chairman, I should like to draw your attention to page 3 of the

document which was circulated. This deals with total debt and debt minus net recorded assets and net debt. What is the nature of the recorded assets? Would the loans to the CBC be recorded as an asset?

Hon. Mr. Chrétien: Yes.

Senator Carter: These are just book values, aren't they? They are not real values.

Hon. Mr. Chrétien: You know, when you have assets in the books you cannot distinguish between them by saying one asset is better than the other. So far as I am concerned, it is simply an asset. Of course, in any private portfolio some of the assets are better than others, depending on the market at the particular time. Perhaps ten years ago the assets of any corporation listed on the market today were better than they are today.

Senator Benidickson: They usually show that, though. They recognize that by making some annual statement respecting their opinion as to the market value of that asset.

Hon. Mr. Chrétien: Not necessarily.

Senator Benidickson: Usually, I say.

Senator Grosart: Mr. Chairman, is this not really a fictional thing, to speak of our recorded assets, because according to the figures our assets are less than our liabilities and, therefore, Canada is broke. Obviously, there are assets that are far, far beyond this that are not recorded. That is why I suggest it is fictional. A recorded asset does not really mean a thing.

The Deputy Chairman: Mr. Minister, would loans to CMHC be under that, recorded assets?

Hon. Mr. Chrétien: Yes.

The Deputy Chairman: And any physical facilities in that asset.

Hon. Mr. Chrétien: I do not know. Not all of them. All the physical assets of the government, all the buildings and all the land, are recorded in the book as a \$1 item. So Parliament is recorded as a \$1 item. I think we could sell it for a better price than that, but since we do not intend to sell it we classify it as a \$1 item. So the assets we have in land are classified as a \$1 item, because, you know, we have less assets than debts; but we are not broke as yet.

Senator Carter: I was interested in the net debt according to these figures. According to these figures the net debt is going down. If you add constant dollars instead of current dollars your net debt would be diminishing.

Hon. Mr. Chrétien: I beg your pardon. I was talking to the Chairman.

Senator Carter: I assume these figures are in current dollars.

Hon. Mr. Chrétien: Yes.

Senator Carter: And your net debt in 1964, that is, ten years ago, was \$15 billion, and in 1973-74, which is ten years later, it is only \$18 billion, and if these figures were in constant dollars instead of in current dollars the net debt would be going down.

Senator Grosart: All our debts would be.

Senator Carter: I do not know about all of them.

Senator Grosart: Our personal ones, that is. You may not have any.

Hon. Mr. Chrétien: That is a good comment, senator.

Senator Carter: But I am just wondering what these figures show. I mean, what purpose do they serve?

Hon. Mr. Chrétien: This chart was prepared at the request of the members of the committee. Someone wanted to know what were the debts of the government, and so on, and the assets, and we prepared that table for the committee. The usefulness of that item I am not so sure of.

Senator Carter: We still do not know.

Hon. Mr. Chrétien: But it is what you asked for, and you got it.

Senator Robichaud: Do we know what the national debt is per capita?

Senator Grosart: Yes, it is there.

Hon. Mr. Chrétien: It is \$55 billion, so you divide it by 23 million people, and you get the answer; but I do not have my little machine with me. It is \$55,557 million, and the population is 23 million, so you divide it and give me the answer.

The Deputy Chairman: Senator Grosart?

Senator Grosart: If everybody else has finished, Mr. Chairman; I do not want to monopolize the time of the committee.

Mr. Chairman, it has been customary, I think, in this committee to deal in general with the total expenditure figures, which we find on page 1-22, where the budgetary total is \$22 billion. If we add the non-budgetary items our total expenditures this year—am I correct?—are \$23.3 billion, roughly.

Hon. Mr. Chrétien: Roughly, yes.

Senator Grosart: This is a very substantial increase over the year before. We are all aware of some of the reasons and know that it is not all cost of government—it is largely transfer payments; but we usually ask for an explanation where there is a very substantial increase. In this case the largest increase, I think, is page 1-21, under National Health and Welfare, of \$1.286 billion.

Hon. Mr. Chrétien: Yes. That is the family allowances increase.

Senator Grosart: How much of that is actually the family allowances?

Hon. Mr. Chrétien: Excuse me. There are two aspects to that. The old age pension—no. The old age pension is carried outside of the estimates. That is mostly family allowances. We have tripled the contributions for family allowances. Of course, you see \$1 billion for that, but there is a certain amount of money that comes back to the government because those in the higher brackets have to pay income tax on that money, and we do not have the figure on that.

The Deputy Chairman: We have a figure in this part here.

Hon. Mr. Chrétien: The family allowance payment this year is costing about \$1,072 million more.

Senator Grosart: \$1.072 billion?

Hon. Mr. Chrétien: Yes, for the family allowance payment. That is the increase. The payment of family allowances amounts to \$1.8 billion, and that is on page 1-74. There you have a breakdown of statutory items, and the second one is "Family Allowance Payments, National Health and Welfare," and the total is \$1.8 billion this year. Last year it was \$764 million, so the increase has been \$1.072 billion.

Senator Grosart: So there is that additional expense in that department.

Senator Benidickson: But there is a recovery there.

Hon. Mr. Chrétien: The other two items are medicare and hospital insurance, and these are contributions to provincial programs.

The Deputy Chairman: In the reply to our written questions the return on that is given as \$350 million in taxation out of the additional increase of \$1.072 billion.

Senator Grosart: I shall stick to the large items. The next large item that I see is the Post Office, and this again is on page 1-21. The amount there is \$109 million. Why is the Post Office up so much?

Hon. Mr. Chrétien: Because it is an expanding service. There is more mail and there are more suburbs being developed in Canada, and we are giving them the same service and it is costing more. In addition, the population is increasing. For all items that involve service to the public, as the population grows and as Canada develops we have to contribute more. It is a big item, and that is why we have to spend more money on the Post Office. There is also the fact that we try to pay our employees as well as possible.

Senator Grosart: Then on the same page there is an increase of \$144 million for National Defence. Is that right?

Hon. Mr. Chrétien: Yes. That is for pay and capital. They had to freeze their budget, and so we have given them for this year an increase of seven per cent on their budget, plus a certain amount of money to expand their capital projects.

Senator Grosart: Then on the same page we see that Public Works is up \$50 million.

Hon. Mr. Chrétien: That is not a very big increase in relation to their total budget. That would be my comment.

Senator Grosart: It still is \$50 million.

Hon. Mr. Chrétien: Yes, but have you built a house lately? You will realize it is costing a little more than it would have done the previous year, and the same situation applies to the government.

Senator Grosart: Could I ask the minister about the statement in the Speech from the Throne that the government would exercise restraint in its expenditures? Not this year because the Blue Book is already out.

Hon. Mr. Chrétien: We have already started. As you know, every year is a series of calls on the government for more money through supplementary estimates. Since I became the President of the Treasury Board we have been

quite stringent in regard to requests by various departments for supplementary funding, because we do believe that as part of our anti-inflationary attack we should not add fuel to the situation. We are not cutting back. In my opinion, the situation does not call for that, but we are endeavouring to slow down the rate of growth of federal government expenditures and not have the Minister of Finance going too much to the money market. That is our goal, and in the last two-and-a-half months I have been in the happy position of being able to say "no" to everyone. So I have no problem; they are equally mad and unhappy. My problem will commence when I start saying "yes" to some of them.

Senator Robichaud: Yes, but they expect that when they submit their request; they expect it to be cut.

Hon. Mr. Chrétien: Yes, there are certain items which we must accept. For example, last week I accepted a request for an increase for a board with a very limited budget. Everyone is affected. The government is as much affected by inflation as any individual, so for small organizations with no reserve at all I have been obliged to accept small increases to cope with new costs which may have developed. There are certain organizations, such as that which you previously headed, Senator Robichaud, the International Joint Commission, which have no budget and cannot absorb anything. However, when the ministers come to me for more money I tell them to absorb it within their budget, and if they have to change their priorities they must do so.

One of the difficulties in government today is that everyone is in favour of new programs and ventures but everyone screams when we must pay for them. I am also telling those on our side of the house that we cannot have it both ways and at this moment I do not think we should increase our withdrawals from the economy. In my opinion, the economy is, relative to any other country, in very good shape and we should not do anything to hurt that situation. This is why we are having a pause at this moment. It does not know how long it will last. This Minister of Finance and I do not speak of putting on the brakes. We do not wish to create a recession, or a situation, by reason of applying the brakes too much on the economy, in which we will be faced with a great deal of unemployment. So it is a very fragile balance and we are doing our best.

Senator Grosart: Do you think there is any possibility, Mr. Minister, that the result of the restraint is that we will not have an increase in the total government expenditures in the next Blue Book?

Hon. Mr. Chrétien: No, it is impossible and it is very simple. I can tell you right now that there will be an increase of \$1.5 billion which is not predicted here, which we are paying already. That is the contributions we have made to the eastern provinces, eastern Ontario, Quebec and the Maritimes, for oil subsidies. This is taken from the income received for our exports of oil from Alberta to the United States. It is, more or less, a transfer payment. We are taking from the American consumer \$1.5 billion and giving a subsidy to the eastern consumer to ensure one oil price across Canada. So that is \$1.5 billion which is not mentioned here, because it was not in force when these estimates were printed. This was approved by all the premiers in a conference at the beginning of last year, and the \$1.5 billion will be included in the next estimates. It will be misleading if you consider that as new spending by the government; it is in fact a transfer payment.

Senator Grosart: Most government spending is in transfer payments.

Hon. Mr. Chrétien: Yes. I am glad you mentioned that, because some people think that the \$23.3 billion is for salaries for public servants, and so on. That represents a very small portion of the budget.

Senator Grosart: Will these \$1.5 billion additional expenditures appear in supplementaries?

Hon. Mr. Chrétien: It is already mentioned in supplementaries (A).

Senator Neiman: Mr. Chairman, I just obtained a hot tip in the Parliamentary Restaurant this morning, that the fact that our new President of the Treasury Board is putting a lid on spending has caused some of our ministers to wish for the good old days. One thing that was mentioned in particular was the fact that you are dealing with man-hours.

The Deputy Chairman: Man-years?

Senator Neiman: Man-hours, in terms of trying to keep down the number of casual employed. We have a table here which refers to the number of man-hours.

The Deputy Chairman: Man-years, senator.

Senator Neiman: Excuse me, man-years. I wondered if you had issued a directive.

Hon. Mr. Chrétien: My directive to the departments has been that they have to live within their budget. I am glad you report that there have been complaints to the effect that I am doing my job properly.

Senator Neiman: It is a healthy sign.

Senator Flynn: They believed you, probably.

Hon. Mr. Chrétien: I am doing what the government wants me to do. I do not want to go to every department and ask some to give money to others. This is an exercise that has been followed two or three times lately, and the situation does not call for that. So I have called for each department to live within its budget. If we stipulate that, we have some chance of succeeding. I have been operating a department for seven years, and I know how a department operates—at least, I believe I do. I felt it was possible to force them to live within their budget. In three months we have been quite successful. One of the problems is the fact that new costs come to each department. We cannot escape that. Costs in the construction field are going up. If I force them to live within their budget, they have to cut down.

As I explained earlier, I must not close my mind to some of the realities. One of the problems we tried to cope with on the board was that of cutting a particular program somewhere. I realize that such a cut might affect an area of Canada where there is still room for expansion. In such a situation I tend to say, "This is not the place to cut. Cut elsewhere." In some areas of our economy in Canada there is a lot of room for expansion. On the board we tend to look at every request and try to shift the emphasis to where there is room for growth.

Senator Neiman: My question may more properly be directed to a particular minister. I am thinking of one department where an announcement was made last spring

of a large sum of money to be made available for a certain type of project. I did not think it was all that necessary. I happened to be talking to that particular minister on another project under his jurisdiction, and he said, "It is very popular. In fact, it is so popular, and there is such demand for it, that we have no more money. Our activity is going to be circumscribed by the amount of money we have." Surely a minister has the power to cancel one program and shift revenue to another program?

Hon. Mr. Chrétien: A minister does have that power, subject to Treasury Board approval. I have told the ministers to set priorities within their departments. There are instances, however, when transfers from one program to another are not possible. To give you an example, if a department has received authority for a building to cost \$1 million and the minister decides the department does not need that building and, as a result, wishes to transfer that \$1 million to a subsidy program, he could not do so. A subsidy program, by its very nature, will repeat itself the following year and perhaps for a number of years, and the \$1 million provided to the department for that building is a one-shot thing. In other words, once the building is constructed, that is it. Therefore, Treasury Board has to approve all transfers within departments to ensure that there will be no negative effects on the budget for future years. Such a transfer can be made, of course, if they get authority from the Cabinet to introduce a completely new subsidy program.

As far as transfers between two fixed items within a budget, if the minister comes to me and expresses a desire to cut down the amount of money for one program, transferring it to another, there is no difficulty. In fact, I have asked them to do so.

Senator Croll: Transfers within departments can be made without consulting you, can they not?

Hon. Mr. Chrétien: No, Treasury Board must be consulted.

Senator Croll: What is the cost of the federal milk and bread subsidies?

Hon. Mr. Chrétien: The bread subsidy runs about \$79 million and the milk subsidy is about \$50 million. In fact, there is an item in the supplementary estimates in connection with the milk subsidy in the amount of \$6.7 million, so the total would be \$56.7 million. It is diminishing now. It was a 5-cent subsidy, and it is going down over a period of months to zero.

Senator Croll: And how long have we had the milk subsidy in effect?

Hon. Mr. Chrétien: It started in September, 1973. It was to be in effect for a year and is going down, over a period of time, to zero.

Senator Croll: And the bread subsidy?

Hon. Mr. Chrétien: The bread subsidy is still on.

Senator Croll: And it has been on now for a couple of years, has it?

Hon. Mr. Chrétien: It is a seven-year plan, started this year.

Senator Croll: And has it been in the same amount, or has that changed?

Hon. Mr. Chrétien: It amounts to a price guarantee level for the wheat coming from the West, Senator Croll. If there is a variation in the international price of wheat, and so on, the subsidy can vary.

Senator Croll: What is the rationale for continuing the bread subsidy while dropping the milk subsidy?

Hon. Mr. Chrétien: You have to understand the agricultural field, senator. Both the federal and provincial governments have different responsibilities in the agricultural field. The milk for the household market has always been a provincial responsibility, while the federal government has responsibility for the industrial milk. It was the industrial milk aspect of the industry which was seeking government assistance at one time, and that is how the federal government became involved. In a move to slow down the rate of inflation, we decided last year to provide a 5-cent a quart subsidy on milk. That subsidy, by the very nature of the announcement and the agreed policy between the federal and provincial governments, was a one-shot affair. At the time we announced that subsidy we were accused by the provinces of poking our nose into their business. The agreement between the federal and provincial governments at that time was that it was to be for one year only. That was the policy. There were some discussions with the provincial governments that we would phase the subsidy out. We are simply carrying out that policy as it was understood and agreed upon in September, 1973.

Senator Croll: Do the provincial governments contribute to that subsidy?

Hon. Mr. Chrétien: They do not contribute to it, no.

Senator Croll: As you said, Mr. Minister, the reason for the subsidy was because of the inflationary trend at that time. Since that trend has worsened, what is the rationale for doing away with the subsidy?

Hon. Mr. Chrétien: At that time, senator the federal government had not as yet brought about the tripling in family allowances. Family allowances were tripled in January, 1974. That program, of course, puts more cash in the hands of the people. The subsidy program brought about in 1973 was designed as an interim measure. We knew an increase in family allowances was coming up, and this subsidy program was designed as an interim measure while awaiting those increases to be approved and also to give time to the provinces to face their responsibilities.

When we started this program the provinces accused us of sticking our nose into their business, and they are now asking us to keep the subsidy on. Personally, I do not feel the federal government should take over provincial responsibility whenever a small crisis arises. The federal government and the provincial governments should face their respective responsibilities. In terms of the social argument, as a federal government with some responsibility we can argue that there is now more money in the hands of the families who need milk coming from us through family allowances.

Senator Robichaud: Did you have representations from the provinces to leave this in the hands of the federal government?

The Deputy Chairman: Are you talking about recently?

Senator Robichaud: Yes, recently.

Hon. Mr. Chrétien: Since the policy was established in 1973 the provinces have told us that they want us to stay in—some of them, not all of them. However, I am not the Minister of Agriculture and I do not want to get too deep into the milk this morning. I have the gist of it.

Senator Croll: It is lucky we did not ask you about eggs.

Hon. Mr. Chrétien: That would make a good omelette—milk and eggs.

Senator Robichaud: I have checked and double-checked and the per capita debt in Canada is \$2,500, roughly.

Senator Croll: Cheap!

Hon. Mr. Chrétien: Senator Croll says that is not much. My banker will say same thing about me.

Le sénateur Côté: J'aimerais demander une question au ministre. Ceci relève peut-être plus du ministre des Finances, mais...

I should like to ask a question of the minister. It might be more appropriate to ask this question of the Minister of Finance, but since the President of the Treasury Board is doing such a good job at answering and debating the estimates and the supplementary estimates I might as well put it to him. It must be funny to have to ask the other members of Cabinet to cut their budget, especially the present Minister of Indian Affairs, who must fight like you used to do for your own estimates when you were in that position. I would like to know the kind of answers you give now.

Hon. Mr. Chrétien: The question of living within your budget is a part of the economic policy of the government.

Senator Côté: It might be the policy, but you used to fight a lot to get your own estimates too.

Hon. Mr. Chrétien: When I was Minister of Indian Affairs and Northern Development, as I am glad to hear you say, I fought very hard to get some more money, and it was proper to do that.

Senator Côté: Perhaps a distinction has to be made between grants and contributions. My question is this. Do you not think now that one of the big problems facing the Canadian economy, which might put a brake on our economy, is the interest rate on borrowed money, especially by people in construction. Is Parliament going to do something about that?

Hon. Mr. Chrétien: We do not set the interest rate in the market in Canada. It is the market that sets the price of money. What we are trying to do at this moment is to take the government out of the money market so that if there is less demand by the federal government there is a chance that the interest rates will go down. Another element in the interest rate level is the international situation. If interest rates are too low in Canada what will happen is that Canadian money will flow to other economies in order to get a better return.

It is not that simple. We could, of course, say that the interest rate will be 6 per cent tomorrow, but in my judgment it would be useless to do that, because we are operating in an open market and it is the market that sets the rate. If the government gets out of the borrowing aspect of it by many hundreds of millions of dollars lower this year than predicted—I do not know what the figure will be; Mr. Turner will mention this in his budget—it will

ease the situation. That is why we are trying to keep down the level of government expenditure as much as we can, so as to take the pressure out of the market as far as the federal government is concerned.

Senator Côté: Is this one of the reasons why there will be fewer buildings going up this year?

Hon. Mr. Chrétien: The interest rate?

Senator Côté: Yes.

Hon. Mr. Chrétien: It could be. There is no doubt that the interest rate is a factor.

Senator Côté: Nobody wants to be tied to buying a house with a 12 per cent mortgage.

Hon. Mr. Chrétien: That is the problem. At the same time, in the Department of Urban Affairs there are programs designed to help some aspects of the problem. I was speaking about the success of AHOP (Assisted Home Ownership Program). We had authority to spend \$300 million for that. We extended it to \$450 million. That is a subsidy in grants attached to low income housing. It was so successful that there is no money left; the money has been taken up very rapidly. We do not think the government can be the sole provider of mortgages in the country. I do not think that would be proper. The private sector as a very big role to play in that field too.

Senator Grosart: I should like to ask the minister a question on the point he has made about the government policy of leaving elbow room for capital formation in the private sector. The budgetary estimates as a percentage of GNP have gone up in the last ten years from 14.5 to 17.2. Have we an estimate of what the 1974-75 budgetary expenditures will be as a percentage of GNP?

Hon. Mr. Chrétien: We do not have an estimate at this moment.

Senator Grosart: Surely it would have to be more than 17.2 this year. It must be close to 19 or 20 per cent.

Hon. Mr. Chrétien: For next year?

Senator Grosart: No, 1974-75, the year we are dealing with.

Hon. Mr. Chrétien: I do not know. We do not have the figure, but we could try to provide a figure for you.

Senator Grosart: I think it is a very essential figure in government planning to know just what percentage of GNP our budgetary expenditures are going to be. I am surprised that figure is not in everybody's mind.

Hon. Mr. Chrétien: I appeared before the committee in the other place the other day and I had it in front of me. I do not have it right now.

Senator Grosart: I am now including supplementary estimates (A), and possibly (B).

Hon. Mr. Chrétien: We have it for last year. This year we do not know exactly. This is a forecast. This proves that usually we spend a little bit more than that, because we have supplementary estimates. We do not have the actual level of expenditure for 1974-75; we cannot give you that figure because we do not have the precise figures of two things. One is the level of expenditures, and the other side of the equation is the level of GNP. We do not have it as yet, because we are building up the GNP at this moment.

We do not know exactly at what level it will be, so we cannot give you the figure, but we can provide you with the one for last year.

Senator Grosart: Last year it was 17.2. What I am suggesting is that we do have the information. We are now asked to vote \$24 billion or more, so we know the expenditure you are committed to.

The Deputy Chairman: You are asking what the Gross National Product would be at this day?

Senator Grosart: I also can say that the Minister of Finance has made a very firm prediction as to what the GNP will be.

Mr. MacDonald: Some half-year figures are produced comparing federal government expenditures as a percentage of GNP. You will appreciate, of course, that the comparison of government expenditure to GNP is not on the basis of our estimates, or even Public Accounts, but in terms of national accounts. It is calculated by the Bureau of Statistics, not by us. In so far as we can accept preliminary figures, it indicates that federal government expenditures as a percentage of GNP, and you will appreciate that this is exclusive of transfers to other levels of government, was running at approximately 15.8 per cent in 1973. The figure for the first half of 1974 is slightly higher than that. These figures contain a historical bias, in the sense that the first half appears to run higher than the second, so it would appear to be at approximately the same level.

Senator Grosart: At about 17.2 per cent.

Mr. MacDonald: The bureau said for the first half of 1974: total government expenditures for all levels of government, 39.1 per cent; federal government expenditures of that, 16.7 per cent; federal government expenditures exclusive of transfers to persons, 9.8 per cent. As you are probably aware, the GNP figures tend to be altered months later.

Senator Grosart: Oh, yes.

Senator Croll: Do you have information with respect to the provincial and municipal expenditures? That would be very interesting.

Mr. MacDonald: I am afraid we do not have the municipal expenditures.

Senator Croll: Do you have the provincial?

The Deputy Chairman: You wonder what was the municipal share of the 39 per cent?

Hon. Mr. Chrétien: The figure Mr. MacDonald cited was for the first half of the year, but it diminishes in the second half.

Senator Croll: What are the figures for the provincial expenditures?

Mr. MacDonald: According to the Statistics Canada figures, for the first half of 1974 the provincial governments were running at 10.9 per cent of Gross National Product, which is the same number as for the whole of 1973.

Senator Croll: What was our figure?

Mr. MacDonald: Our figure for the first half of 1974 is 16.7 per cent.

Senator Croll: Which is a little higher?

Mr. MacDonald: It is a little higher, but at least according to the experience of the last few years there tends to be a one per cent over-statement in 1969, 1970, 1971, 1972 and 1973. So it is really not possible on the basis of half-year figures to determine what the total will be. As you will appreciate, more transfer payments are made toward the end of the year than during the first part of the year.

Senator Croll: The provinces are staying equal.

Mr. MacDonald: So far as one can tell at this stage.

Hon. Mr. Chrétien: I know what you wish to know, senator and I have a table which will illustrate that, because you must keep it in perspective. The total federal government expenditures are, exclusive of the transfer to other governments, because if we take \$1 billion from the money in our estimates and transfer it to a province, they include the same amount in their estimates, which constitutes a double accounting. Therefore we wish to exclude that, because it is not two expenditures but in fact only one.

In 1973 the federal government expenditures, less the transfer payments to the other governments, were 14.8 per cent. The total expenditures of the provincial governments were 10.9 per cent in 1973. However, going back through the years, in 1968 the federal government expenditures were 13.6 per cent and those of the provincial government 8.7 per cent. So there is an increase of 1.2 per cent in the federal expenditures and 2.2 per cent for the provinces. However, going back a little further in history, to 1961, we see that at that time the total federal government expenditures, exclusive of transfers to other governments, were 15.3 per cent, the figure now being 14.8 per cent. The provincial take at that time was 6.1 per cent, compared to 10.9 per cent in 1973.

We are, perhaps, a big spender, but in relation to the GNP we are doing better, certainly than in 1961, a period which my former professor, senator Flynn, will remember very well.

Senator Flynn: That is when we started to help the provinces to assume their responsibilities.

Hon. Mr. Chrétien: It is exclusive of that.

Senator Flynn: I know; that is why the provinces have increased their expenditures.

Hon. Mr. Chrétien: I do not know the point you wish to make.

Senator Langlois: Do the provinces exclude these transfer payments in the same way as we?

Senator Grosart: They exclude their transfer payments to the municipalities.

Mr. MacDonald: And to hospital corporations.

Senator Grosart: Yes. I was going to say that those figures are meaningful in comparing the "take", if you like, from the GNP at the three levels of government, but they do not go to my main point, which is the intrusion—I am not saying that there should not be gone intrusion—but the intrusion of the federal government into the resources of the GNP. It does not matter what the federal government does with it, whether they give it away, transfer it to individuals or provinces or, in some cases, municipalities. My point is that this committee has recommended at various times that the total take by the federal government out

of the GNP should not exceed the increase in current dollars in the GNP. What is the situation there now? I saw a statement recently by a cabinet minister that it was the intention, as part of the restraint, to restrain the budgetary take, at least, by the federal government from GNP to the rate of increase in GNP. Is that now a policy?

Hon. Mr. Chrétien: Our goal is certainly not to take more of the GNP at this time than we have taken this year. I am preparing the estimates for next year and it is my goal that we will not as a federal government take more out of the share of the GNP than we are taking this year. Of course, the level will be higher, because the GNP will be much higher.

Senator Grosart: That will be very gratifying to the committee, because we made that recommendation many years ago.

Hon. Mr. Chrétien: You must keep in mind the problem of oil compensation. However, that is my goal, yes. I do not know if it will be reached. At this moment I am working on the estimates with the various departments but, as I say, I do not wish to cast myself in a very rigid position, because the economic situation can call for a different approach in a few months.

Senator Carter: Mr. Minister, when you say you are endeavouring to keep the percentage of GNP for next year the same as for the current year, are you including the \$1.5 billion oil subsidy?

Hon. Mr. Chrétien: When at the end of this year we have the GNP and the expenditures of the government and make that calculation the oil payment will be included and I hope that next year it will be at the same level.

Senator Grosart: It will be on both sides of the books. It will be in GNP and in your expenditures, so it will not affect your percentages.

Hon. Mr. Chrétien: Yes, it will affect the percentage. If you have \$1.5 billion in expenditures out of, say, \$23 billion, and you have \$1.5 billion out of \$124 billion, there is a change in the percentage. It makes a big difference in the calculation. One point five billion dollars out of \$23 billion gives you something, but it is much more than \$1.5 billion out of \$124 billion.

Senator Carter: I may have misunderstood the total percentage of all governments that you read out. Was it 29 or 39?

Mr. MacDonald: Thirty-nine, senator.

Senator Carter: If you say that of the 39 16-point-something is federal and 10-point-something is provincial, that is only 26. Where is the rest?

Hon. Mr. Chrétien: There is also the municipalities. The total federal government expenditure is 16.7; the total provincial government expenditure is 10.9; and the total local government expenditure is 8.5. But there is a series of entries that are calculated in that 39 figure, such as hospitals, for example. Pension plans do not appear in the budget, and so on. There is a series of items and some transfer payments that are not included in the 16.7 for the federal government when we transfer, and the same thing applies to the municipal governments when they transfer to hospitals, and so on. When you add all that, we get the 39.

Senator Carter: The fact is that of the 39, the federal government takes less than half.

Hon. Mr. Chrétien: Oh yes.

Senator Robichaud: Mr. Minister, we have talked about subsidies for the milk and bread producers. Here you state that in 1973 assistance was provided to the industry for ground fish, crab meat and lobster meat. Is there a figure of the total amount of assistance provided, and a breakdown concerning the three?

Hon. Mr. Chrétien: We cannot provide you that information this morning, but we can obtain it for you.

Senator Carter: Can you tell us why this goes to the processors rather than to the producers, the fishermen?

Senator Robichaud: I would like to add to my question and ask to whom was this assistance made available?

Mr. MacDonald: Senator Carter, the money was provided to the producers in order to help them finance inventories. You may realize that the market in the United States for these products fell off, and in order for the processors to buy from the fishermen and finance their inventories, both loans and advances were made to the producer level. In a sense, it could be represented as being for the benefit of the fishermen. There is both a loan and a grant item in the supplementary estimates. There is a grant of \$2.5 million and a loan of \$5.5 million.

Senator Robichaud: What is the explanation of the necessity for this assistance? Is it because of shortage of buying power on the U.S. side or a surplus on the Canadian side?

Mr. MacDonald: There were good catches and a falling off in the market. The assistance given was because of poor market conditions in the United States and Canada. At the same time there is a surplus on the market of protein foods in the form of red meat and poultry. You will appreciate the same pricing difficulties are occurring there. There has been a build-up of inventories and grants and loans have been made to processors in order for them to be able to hold these inventories until the market conditions will improve.

Senator Robichaud: Was that assistance in the form of a loan or grant?

Mr. MacDonald: Two and a half million dollars as a grant, and \$5.5 million as a loan.

Senator Robichaud: All the figures will be provided for this committee?

Mr. MacDonald: Yes, sir.

Senator Carter: Were there any conditions attached to the price that would be paid to fishermen when you provide them with the money to buy it? We are giving them the money to buy it off the fishermen and to store it. That is a free gift from the federal government. Then eventually we are holding it off the market until the price goes up, and they reap the gravy. Where does the fisherman come in on that?

Hon. Mr. Chrétien: I am not aware of the mechanism of the subsidy program or how it is operating. I think those questions should be more appropriately directed to the Minister of Fisheries. As President of the Treasury Board I cannot get involved in the policy aspects of all the pro-

grams of all departments. I will try to provide you with an answer. When I reply to Senator Robichaud, perhaps we could also provide you with an explanation of your point. At first glance, I am a bit preoccupied, as you are, that perhaps the subsidy is not going to the benefit of fishermen but to the people in between. We will certainly try to provide you with an explanation.

Senator Carter: These are unconditional grants. Do you require any accounting on that?

Hon. Mr. Chrétien: When it is a grant, it is a grant. When it is a contribution, we have a different technique.

Senator Grosart: I would like to move to the gross figures for non-budgetary items. My reference here is 1-14 and 1-23 of the main estimates. The main estimates indicate that the total of loans, investments and advances is now \$1.274 billion. I understand that these items—loans, investments and advances—involve four categories: crown corporations; other governments; international organizations and persons; and to the private sector. Do we have a breakdown of figures between these receivers of loans, investments and advances? I am particularly interested in the private sector, because it is rather a new project for governments to start financing in the private sector.

Mr. MacDonald: We do not have any figures, but we shall try to obtain them.

Senator Grosart: I would be interested in those figures to see what the private sector is now getting. The private sector very often complains about grants to crown corporations, and I would be interested in seeing the time scale on it to see whether it has increased and how the private sector share has increased.

Hon. Mr. Chrétien: We will provide you with that information.

Senator Grosart: I would like to refer to one other item, reference 1-10, item 18. Why are defence capital projects listed only if they are over \$1 million? Others are, I think, listed if they are over \$2.5 million. Is that correct?

Mr. MacDonald: I guess the difficulty was the question of brevity. Defence expenditures on capital are so numerous and, in a sense, of such complexity that it was really a question of the amount of room that was going to be taken up in an already very fat book.

Senator Grosart: It is not a question of security?

Mr. MacDonald: No. The larger expenditures would be the ones, for security reasons, you would want to obscure. I have never been able to understand the details of defence expenditures myself, but I think it was really a question of brevity.

Senator Grosart: I am glad there is someone else in that club.

One final question, Mr. Chairman. Paragraph 22 on page 1-12 deals with the Treasury Board Contingencies Vote. I note we are still providing in that vote for Public Service salary increments. My understanding was that that item had been taken out. Has it now been put back in?

Mr. MacDonald: Mr. Chairman, I think what Senator Grosart is referring to is the provision that used to be made at the end of the fiscal year for a non-lapsing fund which could be used to pay the retroactive costs of salary agreements.

Senator Grosart: So that the government would not have to reveal its hand?

Mr. MacDonald: That was not really the purpose. During the early days of the collective bargaining process, as you will no doubt recall, there were rather lengthy delays, because of inexperience, if nothing else. Because of that the government would make provision in the estimates for those salary agreements. The whole year would pass without the agreement being concluded, and large amounts would lapse. It happened about two years in a row. Because of that it was proposed to Parliament, and accepted by Parliament, to establish the money that had been provided for these increases as a reserve, to be budgeted out for that purpose only when the agreements were actually concluded.

The collective bargaining process is now on a current basis. It is now possible to budget with considerable accuracy on a current basis in the contingency vote itself. There is no apparent necessity to have these reserves for prior years.

Senator Grosart: The deferred amounts are not in the Treasury Board contingency fund any longer, or are they?

Mr. MacDonald: They are still there.

Senator Grosart: But they are not voted?

Mr. MacDonald: Perhaps I have not made myself clear. We attempt to anticipate the costs of collective bargaining agreements that are to be made. Some of them will be for two years in the past. For 1974-75 we have provision in the estimates for an amount to cover the costs of collective bargaining agreements in so far as they effect 1974-75 and, as well, previous years. In earlier years the 1973-74 amount would have been carried in this non-lapsing reserve fund.

Senator Grosart: What is the amount provided for this year in that connection?

Mr. MacDonald: I believe it has been the custom not to divulge that amount.

Senator Grosart: So as not to reveal the government's hand, as I said. That is understandable.

Senator Barrow: What restriction is put on the total man-years authorized? I note there has been a continual increase over the past three years in the total man-years authorized.

Hon. Mr. Chrétien: We authorize a certain number of man-years for each department, and the departments can hire people according to that authority and no more.

Senator Barrow: But there is no restriction on the number of man-years?

Hon. Mr. Chrétien: A level was set for the purposes of these estimates, and we are asking the departments to live within those levels. If a department finds it does not have sufficient man-years, a request is made to Treasury Board for additional authorization, the money for which will be provided for in supplementary estimates. The directive issued to all departments when I became President of Treasury Board was to the effect that we were asking them to live within the man years authorized, unless special circumstances arise. The number of man-years will not be increased by supplementary estimates this year unless some unforeseen situation presents itself. We will set a

level for man-years for the next fiscal year which, I hope, will curtail rapid growth. As I have already stated, my policy is to slow down the growth rate of the Public Service.

Senator Carter: Is there any way those figures can be broken down? When everything is lumped under man-years we have no way of knowing how many are full time employees and how many are casual employees. At one time the casual employees were listed separately. Now we have no way of knowing just how fast the permanent Public Service is growing.

Hon. Mr. Chrétien: We will provide those figures to you, senator. We have the figures as to how many are on regular payroll and how many are casual. We prefer to calculate in terms of man-years for budgetary purposes. If we have two men, one working six months and the other working six months, that is one man-year.

Senator Carter: I think it would be useful to have that breakdown. Everyone seems to think the full-time Public Service is growing at too rapid a rate and too much empire building is going on. That type of thing does not show up in these figures.

Hon. Mr. Chrétien: As I said, senator, we can provide you with that breakdown. For your information now, I can give you the growth between 1970-71 and 1974-75. In 1970-71 there were 275,000 man-years in the Public Service; now it is 333,000. There has been a growth, therefore, of 58,000 over a period of four years. To give you some figures, the Post Office has grown by 9,000—and these are just ball park figures—National Revenue, 5,000. Since there are more people paying taxes we need more people to collect that money.

Senator Carter: These are man-years you are talking about, not full-time people?

Hon. Mr. Chrétien: Yes. We will provide you with the figures as to how many are full-time and how many are casual. The Unemployment Insurance Commission, for example, because of the complexity of the new programs implemented, has increased by 4,000 man-years. The Royal Canadian Mounted Police, because of population growth, has increased in terms of man-years. The Department of Transport comes fifth in growth and it goes down to Finance, which is twenty-fifth. Treasury Board is not even listed, so we are somewhat below that in growth.

Senator Barrow: Has the introduction of computerization in a number of departments not levelled off the number of employees?

Senator Grosart: It just results in more.

Hon. Mr. Chrétien: That is a very complex issue, senator. For example, we are trying to modernize the Post Office and yet there is a growth in manpower. The question is, however, how large would that growth rate be without automation? This is a difficult question to answer, because the services are spending so much. You cannot have an automated system to deliver the mail at home, so you need more facteurs, as we say in French.

Senator Grosart: Letter carriers.

Hon. Mr. Chrétien: It is the same thing with National Revenue. There are so many more people who pay taxes and so on; there is a lot of mechanization and automation, IBM systems and so on, but you still need people.

Senator Flynn: The increase in the number of taxpayers is interesting, because I remember when we had the so-called income tax reform in 1971 we were going to take something like 300,000 or 500,000 people off the list of taxpayers.

Hon. Mr. Chrétien: But there are more people in Canada; we are a very fast-growing country.

Senator Flynn: I do not think it is in proportion to the increase in population.

Senator Benidickson: It is the inflation.

Senator Flynn: Inflation, of course.

Senator Grosart: And higher incomes.

Senator Flynn: And higher incomes, and no change in the rate of income tax.

Hon. Mr. Chrétien: I would like to have a good argument on that, but I do not think you are right. However, I do not intend to be that political this morning.

Senator Flynn: It is not a question of being political; it is merely a question of facts related to the statement you made that more people are paying taxes and therefore you have got to provide more services.

Hon. Mr. Chrétien: Perhaps I did not express myself properly. The complexity of the system adds problems. Probably there are more taxpayers, even if there are more people than ever before who are exempted. We can look into that and give you the information. What were we discussing before my former professor interrupted.

Senator Flynn: You were discussing the increase in personnel of the Department of National Revenue.

Hon. Mr. Chrétien: We have increased the number of man-years by 57,000 in the last four years, from 275,000 to 333,000. There are more and more people involved in services. I am not too flabbergasted by this figure; I do not think it is that extreme. On the production side of society there are fewer people than there used to be. Now people are working more and more in the services, and the federal government is providing more services to the citizen than before.

Senator Carter: Are you satisfied that the level of productivity per man is not going down?

Senator Langlois: There is a possibility there.

Hon. Mr. Chrétien: Yes, there is a possibility there, I am sure. That is not a problem with government only. The same type of problem exists in industry. Many people speak about how efficient industry is. I was told by a friend, "Never lose your travellers' cheques in Paris." Even if the TV ads are very good, if you do that you will soon see what private bureaucracy is like.

Senator Grosart: Air Canada does not lose all the luggage.

Hon. Mr. Chrétien: No, but some. The same thing happens on PanAm too.

Senator Grosart: That is what I mean.

Hon. Mr. Chrétien: I think that PanAm is in worse shape than Air Canada.

Senator Grosart: We would hope so.

The Deputy Chairman: Are there any further questions?

Senator Grosart: What about the supplementary estimates?

The Deputy Chairman: Do you want to go into the supplementary estimates now? Is that what you are suggesting?

Senator Grosart: I think we should. Perhaps I can ask one question here. Is there some urgency about getting the supplementary estimates through? Are there any deadlines to meet?

Senator Langlois: I answered that in the house.

Hon. Mr. Chrétien: I think they have to be passed by the end of the month, because we will run out of money by the end of the month. It was easier during the summer, because then we could act on Governor General's warrants. That is a very useful system; it makes it easier. We have to have them approved by the end of the month, because we will be out of cash to pay the bills by then. The total of the supplementary estimates (A) is \$889 million.

Senator Grosart: It is \$904 million with the non-budgetary.

Hon. Mr. Chrétien: With the \$15 million for non-budgetary items. The bulk of it is involved in the petroleum product subsidy. We have provided \$330 million for the next two months, because we do not expect the bill will be adopted before that time. We are asking for authority to pay the subsidy for November and December. This is a very complex issue, and I do not think the bill will be adopted much before that time.

Senator Grosart: Is that the distinction between the two amounts, the \$470 million and \$330 million?

Hon. Mr. Chrétien: Yes, that is it. The \$470 million was provided by Governor General's warrants.

Senator Grosart: The other large item in the multi-millions is for the Department of Industry, Trade and Commerce, up \$79 million. I know there is an explanation.

Hon. Mr. Chrétien: It is the two-price wheat program. It is related to the subsidy to bread, to which Senator Croll referred earlier. It is under the Department of Industry, Trade and Commerce, although the program is run by the minister in charge of the Wheat board, the Minister of Justice, the Honourable Otto Lang.

Senator Grosart: I notice another non-budgetary item is \$9.6 million for Indian Affairs and Northern Development. Can we put that down to your success before there was a tough President of the Treasury Board?

Hon. Mr. Chrétien: I am happy you have raised that. It was a very successful program, of which I am quite proud, because I established this economic development fund for the Indians, and they are cashing in on it. There are some areas where it is very successful. If we are to break the pattern of welfare we have to give them some help in the economic field. The problem was that we ran out of money. The Indians are coming in great numbers to get money under this program to try to start economic projects on reserves, and I think it is a worth while project.

Senator Grosart: Could you give us some indication of the kind of industries, handicrafts and so on that have been developed under this program?

Hon. Mr. Chrétien: I can give you some examples. In Lethbridge there is the mobile homes industry on the Blood Indian Reserve, the Kainai industry. There is the Sawridge Motor Hotel in High River, Alberta, which is very successful. In Quebec City, at Loretteville, they are very successful with snowshoes, canoes and so on, to the point that in the Loretteville Reserve there is nobody on welfare. In fact, they are importing Indian labour from outside. More than that, they are hiring white people on the reserve now.

Senator Flynn: That has always been the case in Loretteville, has it not?

Hon. Mr. Chrétien: Yes, but now they are expanding and have cashed in on this program.

Senator Flynn: They always produced snowshoes, canoes and other things.

Hon. Mr. Chrétien: Yes, but it is a growing industry that is going well. However, they need some cash and they have come to us for some funds.

Senator Langlois: What about the handicraft Indian village at Carleton, Bonaventure County? It is part of this program, too.

Hon. Mr. Chrétien: Yes. When they start a business now they come to us, because the problem is that they cannot borrow money very easily from the private sector, first because the Indian lands are not mortgageable, they cannot give a guarantee for the loan to the banks, so they tend to come to us. You know why? Because reserve land is communal ownership, not private ownership and that does not fit into the framework of normal business. They therefore come to us to borrow money. However, this gives many good results in many instances. I know of Indians who are now in lumber operations in B.C. and others who wish to go into mining operations on their land. We are providing help for some Indian reserves in northern Saskatchewan and northern Alberta which are now developing their lands for farming. They used to lease the land to other farmers, but now on some reserves the bands are entering the cattle business, for which they borrow money from us.

Senator Grosart: It is a very large program, Mr. Minister, of over \$700 million. Have you made any assessment of the return to the Indian communities for this very large investment?

Hon. Mr. Chrétien: The program is divided into three divisions: the Indian side, the northern section, and the National parks division. These three sections are included in the \$700 million, the share of the Indian side being \$366 million.

Senator Langlois: What is the figure for the other two?

Hon. Mr. Chrétien: The northern division is \$217 million. That is for the Yukon and the Northwest Territories, in both the social aspects and mining aspects and so on, all the operation of both the Yukon and the Northwest Territories.

The conservation program is \$94 million.

I do believe that we have made much progress with the Indian communities over the years. They are still very active and they are well organized. If I have contributed anything, it was to organize them in such a way that they can now alert both the government and the public as to their problems. I can see that they are now developing good leaders and, eventually, this will lead to economic policies on their own part. I do not think the Government can solve their problems. It is for the Indians themselves to do this.

Senator Langlois: We do not seem to have made them happier.

Hon. Mr. Chrétien: I received many arrows from them during my six years in the department. I am not unhappy about it. I think it is healthy. Yes, they are happier. They were not explaining their unhappiness before, which is the difference. I do not know if I am happier than my grandfather, so you are touching a difficult problem. Does economic success make you happier? I do not know. Some will argue that our grandfathers were happier working the land close to the church, but it is difficult to assess how happy a man is. Putting it in terms of social and economic progress, however, they have made great strides in the last few years.

Senator Flynn: They understand why they are not happy.

Hon. Mr. Chrétien: Oh, yes, but if an Indian comes to me and asks for all Canada back, he will never be happy, because he will never get it. It depends where the goals are set.

Senator Flynn: But they only want James Bay, after all.

Hon. Mr. Chrétien: Yes, and they have some good claims on James Bay. That is why I financed and helped them.

Senator Langlois: That is before the courts.

Hon. Mr. Chrétien: Yes, but if you ask me why I gave them the money to go before the courts, I will tell you. I am not ashamed of it; on the contrary. Of course, some in Quebec were not too happy with me, but I did my job.

Senator Langlois: But when you said they had a good claim, this is the point. You are speaking about your program.

Hon. Mr. Chrétien: Yes, but I had to place a judgment on the value of their case before I financed them, because if in my judgment it had been a bad case, I could not have justified financing it. Perhaps my legal advisor is not very good.

Senator Langlois: You are speaking of legal claims.

Hon. Mr. Chrétien: There are also social claims.

Senator Flynn: Lawyers win bad cases and lose good ones.

Hon. Mr. Chrétien: Yes, but I am no longer with the Department of Indian Affairs and do not wish to play the modern law role for my successor.

Senator Benidickson: I wish to remind the committee that they have read a good deal since we last met with respect to Indian grievances in my home town of Kenora. The minister makes a good point, that over the years he

has assisted them in respect of these grievances, in prosecuting and defending their cause in court, if it is a matter of that type.

Most members of the committee who are familiar with the difficulties in Kenora will, perhaps, think that they are concentrating on a legal claim to a certain piece of land within the town. Certain commitments were made by the municipal and provincial governments and by the federal department to the Indians who "sat in" for a number of weeks in that park. One of the commitments was that the legal point as to land entitlement would be heard before a judicial body. Now, for weeks since that commitment was made, I am informed that, while an offer was made to fund the legal costs of the Indians, no steps have been taken to proceed.

Hon. Mr. Chrétien: I would like, however, to point out that we have a system by which the various Indian associations are provided a certain amount of money each year for their claims. Sometimes a claim by a certain group is lower in the priority of the Indians concerned than they would like. This is part of the process. I do not know if this is the case at Kenora, but the problem there is that there is not a single band asking for this piece of land. It has never been reserve land, but is land that the federal government has used for the Indians. It has never been declared, as far as I know, as an Indian reserve. This is one of the difficulties.

This question should be addressed to my successor, as I was not at the department at the time of the settling of the Kenora incident and do not know the terms of it. I would like to point out, however, that the Government provides the associations with many millions of dollars each year for their claims, but sometimes the Indian associations themselves will give higher priority to certain claims. Everything cannot be done all at once for everyone.

Senator Grosart: Mr. Minister, you have given us a general explanation of this very great increase. The original vote, as I understand it, being L15a, the previous estimate, was roughly \$5 million. Now \$9 million is being added in the supplementary estimates. Is this just due to the success of the program?

Hon. Mr. Chrétien: Are you referring to the Indian Economic Development account?

Senator Grosart: Yes.

Hon. Mr. Chrétien: Yes, it is because they ran out of money this year.

Senator Grosart: But the estimate was \$5 million and now it is increased to \$14 million, is that correct?

Hon. Mr. Chrétien: For the year, yes. When we started this program we had a \$40-million item over four years.

Senator Grosart: Yes, that was in 1970.

Hon. Mr. Chrétien: There was only \$5 million of that left for the estimate this year.

Senator Grosart: And part of this is Governor General's Warrants, in the amount of \$13 million.

Hon. Mr. Chrétien: Yes.

Mr. MacDonald: I beg your pardon; the whole 9 million was in Governor General's Warrants. I should explain that the supplementary estimates are all items that were in

Governor General's Warrants, except the oil payment for November and December and the two-price wheat item.

Senator Grosart: Thank you. I should, perhaps, congratulate someone on the fact that for the first time in many years there is not a single \$1 item in the supplementary estimates.

Hon. Mr. Chrétien: I cannot guarantee that there will be none in the future.

Senator Benidickson: Under the Department of Labour on page 18 of supplementary estimates (A), there is an item for Information Canada beyond the \$7.6 million asked for in the main estimates. This committee in the last Parliament made a rather intensive study of the function of Information Canada. I did not personally participate in the work of the committee during that period as extensively as did many other members of the committee. I raise the question whether, as this item is for audio-visual services, apparently, the members of the committee have any views, on whether this further expansion is in any way in conflict with some of the recommendations of this committee last session with respect to Information Canada.

The Deputy Chairman: I believe this is not a contradiction to the report.

Senator Carter: I should like to ask a question on the same point. I gather this is an addition to the Revolving Fund to catch up with inflation.

Mr. MacDonald: This is the expositions Revolving Fund, which is under the Information Canada administration. In a sense it is separate from Information Canada. It has to do with the provision of services to other departments of

government in the creation of exhibits, Industry, Trade and Commerce, for trade fairs, and this is really covering off a loss on their operations in the sense that their volume was not as high as anticipated. Since most Revolving Funds are not allowed to carry over losses, they have to be reported to Parliament when they occur. So this does not deal with Information Canada in an informational sense.

Senator Carter: Senator Grosart will bear me out that the committee generally commended this aspect of Information Canada's activities, in so far as it centralized all the activities of other departments into one division, and saved the government a lot of money, because whereas each department would be accumulating its own visual equipment and photographic services, setting up expositions, et cetera, Information Canada had experts trained in this work and could supply this service to each department much better than any department could do it alone.

The Deputy Chairman: Thank you, senator. That is the way I understand the program. Normally the funds are recaptured, but you are saying that there is not sufficient volume of business to recapture it.

Mr. MacDonald: They ran into construction cost higher than anticipated overseas. It is the same problem that is affecting all construction.

The Deputy Chairman: Thank you very much, Mr. Minister for your presence here today. We appreciate very much the forthright manner in which you answered our questions, and we hope to see you in the future.

The committee adjourned.



FIRST SESSION—THIRTIETH PARLIAMENT

1974

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

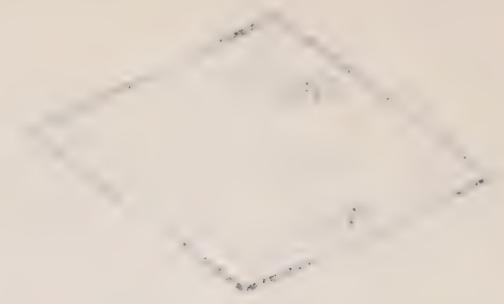
Issue No. 2

THURSDAY, DECEMBER 5, 1974

Supplementary Estimates "B" laid before Parliament
for the fiscal year ending March 31, 1975

REPORT OF THE COMMITTEE and
APPENDICES "A" and "B"

(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON NATIONAL
FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Rochichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of Proceedings of the Senate of
Tuesday, 26th November, 1974:

“With leave of the Senate,

The Honourable Senator Langlois moved, seconded
by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National
Finance be authorized to examine and report upon the
expenditures set out in the Supplementary Estimates
(B) laid before Parliament for the fiscal year ending
the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.”

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, December 5, 1974

(2)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9.30 a.m. to consider the Supplementary Estimates "B" laid before Parliament for the fiscal year ending March 31st, 1975.

Present: The Honourable Senators Sparrow (*Deputy-Chairman*), Barrow, Benidickson, Carter, Croll, Everett, Flynn, Hicks, Langlois, O'Leary and Robichaud. (11)

In attendance: Mr. J. H. M. Cocks, Director of Research and Administration.

It was *Agreed* that the Steering Committee of this said Committee be composed of the Honourable Senators Everett, Carter, Grosart, Manning, Neiman and Sparrow. (6)

Witnesses on behalf of the Treasury Board:

The Honourable Jean Chrétien, President;

Mr. B. A. MacDonald, Assistant Secretary, Program Branch.

On motion of the Honourable Senator Everett, it was *Resolved* that the Committee report on the Supplementary Estimates "B" laid before Parliament for the fiscal year ending March 31, 1975

At 11.20 a.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,
Clerk of the Committee.

Report of the Committee

Thursday, December 5, 1974

The Standing Senate Committee on the National Finance, to which the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1975 were referred, has in obedience to the order of reference of Tuesday, November 26, 1974, examined the said Estimates and reports as follows:

1. In obedience to the foregoing, the Committee made a general examination of the Supplementary Estimates (B) and heard evidence from the Honourable J. Chrétien, President of the Treasury Board, and Mr. B. A. MacDonald, Assistant Secretary, Program Branch, Treasury Board.

2. These Supplementary Estimates total \$1.749 million and bring the total Estimates tabled for the fiscal year ending March 31, 1975 to \$25,951 million. It is to be noted that the original Main Estimates for the year ending March 31, 1975 total \$23,296 million and have been increased by Supplementary Estimates (A) and (B) by an amount of \$2,655 million, approximately 11½ per cent. For some time your Committee has been concerned about the size of the increases in the total Estimates as a result of Supplementary Estimates, but in the case of the Estimates for the year ending March 31, 1975, the increase of this magnitude is largely due to the effects of inflation. Seventy-two per cent of the total of these Supplementary Estimates (B) contain measures to combat the effects of inflation.

3. The budgetary expenditures provided in these Supplementary Estimates (B) total \$1,603 million, of which \$801 million represent statutory expenditures required by law. Some of the major items are:

- (a) \$315 million for fiscal transfers to the provinces;
- (b) \$172 million to meet the cost of the \$500 annual increase in rates of pay granted to most Government of Canada employees effective April 1, 1974 to meet the effects of unusual rises in costs;
- (c) \$169 million for additional subsidies on milk for manufacturing purposes and for the beef quality premium;
- (d) \$118 million in payments to the railways in compensation for revenues foregone during 1974 as a result of the rate freeze; and
- (e) \$195 million for payment of higher interest rates on the Public Debt including bonus interest payments to holders of Canada Savings Bonds.

4. The Treasury Board has supplied your Committee with a list explaining the \$1 items in the Supplementary Estimates (B).

5. A poster recently published by the Law Reform Commission was examined by your Committee. Questions were asked of the President of the Treasury Board as to whether or not this might be a frivolous expenditure of public

monies. The President indicated that when such expenditures were brought to the attention of the Treasury Board they were examined by officials and this would be done in this case. The President of the Treasury Board stated that the Treasury Board reviews the budgetary requests of each department when the Main Estimates are made up and from time to time when the Supplementary Estimates are made up. It does not conduct an ongoing examination of the manner in which the budgeted expenditures are made provided they can fit within the amounts approved in the Estimates. In this respect the Treasury Board largely relies on the work of the Auditor General.

6. Your Committee is of the opinion that Treasury Board should improve its control procedures to eliminate frivolous spending, even though the expenditure might be included in the approved budgetary item. In this regard, your Committee referred the President of the Treasury Board to its report on Information Canada and most particularly to recommendations 4 and 5 of that report, which are as follows:

"In the Blue Book of Estimates, the cost of information services should be fully and clearly shown for each program of each department and for all government agencies. Treasury Board should publish a definition so that departments will know what items should be included in information services. This definition should be developed for Treasury Board by Information Canada.

Information Canada should act as the agent of the Treasury Board in screening the information budgets of all departments and agencies and advise Treasury Board regarding expenditures on information programs proposed by departments."

Your Committee is of the opinion that if the recommendations of its report on Information Canada were followed that frivolous expenditures in the information sector of government could be brought under much better control. Your Committee also drew the attention of the President of the Treasury Board to similar recommendations on the control of government expenditures in the scientific field made by the Senate Committee on Science Policy.

7. Your Committee expressed concern about the growth both in the size and cost of the manpower requirement of the Federal Government.

8. Appendix A to this report shows the growth in man-years and salaries and wages over the last five years. Authorized man-years has increased from 272,000 man-years in 1970-71 to 333,000 man-years in 1974-75. Salaries and wages have increased from \$1,987 million to \$3,124 million. This represents approximately 57 per cent increase in the cost of Federal Government manpower over the last five years. These figures do not include the salaries and wages of a number of federal departments and agencies

including military personnel. Your Committee has asked the Treasury Board to provide these figures for the entire manpower complement of the Federal Government.

9. Appendix B shows a comparison of the mean salaries for categories and selected groups in the Public Service between 1972-73 and 1974-75, a period of two years.

Respectfully submitted.

D. D. Everett,

Chairman.

APPENDIX "A"

Growth in Man-Years and Salaries and Wages

Main Estimates	Authorized Man-years (000)	Increase from Previous ME (000)	Salaries and Wages (\$ millions)	Increase from Previous ME (\$ millions)
1970-71	272.2	(4.3)	1987.2	295.1
1971-72	280.7	8.5	2252.8	265.6
1972-73	291.2	10.5	2449.4	196.6
1973-74	315.4	24.2	2753.8	304.4
1974-75	333.0	17.6	3124.0	370.2

NOTE: National Defence military personnel are not included in either the man-years or the salaries and wages.

APPENDIX "B"

Comparison of Mean Salaries
for categories and selected groups in the Public Service
1972-73 versus 1974-75

Category	Mean Salaries in \$		Percentage Increase
	1972-73	1974-75	
Senior Executive.....	27,688	32,385	17.0
Scientific and Professional.....	14,102	17,215	22.1
Administrative and Foreign Service.....	12,698	15,846	24.8
Technical.....	9,799	12,280	25.3
Administrative Support.....	6,599	8,481	28.5
Operational.....	6,694	8,961	33.9
Groups			
Economics, Soc. Stat.....	16,874	20,138	19.3
Administrative Services.....	12,980	15,952	22.9
Eng. & Scient. Support.....	9,458	11,512	21.7
Clerical and Regulatory.....	6,874	8,971	30.5
Secret. Steno, Typing.....	5,867	7,275	24.0
General Services.....	5,877	7,414	26.2

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, December 5, 1974.

The Standing Senate Committee on National Finance, to which were referred supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1975, met this day at 9.30 a.m.

Senator Herbert O. Sparrow (*Deputy Chairman*) in the Chair.

The Deputy Chairman: Honourable senators, before we hear from our witnesses I should tell you that the chairman wanted me to ask you if you would agree to having a steering committee comprised of Senators Everett, Carter, Grosart, Manning, Neiman and Sparrow. Could I have your concurrence?

Hon. Senators: Agreed.

The Deputy Chairman: Honourable senators, on your behalf I would like to welcome the President of the Treasury Board, the Honourable Jean Chrétien, and Mr. MacDonald who is also with us again. With them are Mr. Murray, Mr. Vanneste and Madam Mill.

Have you an opening statement, Mr. Minister?

Hon. Jean Chrétien (*President of the Treasury Board*): Yes, Mr. Chairman. I will read my presentation in the other official language, with your permission.

[*Translation*]

Supplementary estimates (B), Mr. Chariman, are the second to be issued for the fiscal year in progress. Parliament is asked to approve appropriations of \$1,749 million for the fiscal year 1974-75, of which \$802 million are statutory expenditures, \$801 million for budgetary items which will appear in the next appropriation acts and \$146 million for non budgetary items.

These supplementary estimates are obviously high, mainly because of inflation. In any event, more than \$1,200 million—i.e. nearly three quarters of the estimates—are the result of inflationary pressures. Some of the items constitute new charges created by inflation, but most of them cover expenditures that the government chose to increase to alleviate the impact of inflation on Canadians.

This falls directly in line with the well-established policy to the effect that the government takes selective corrective measures to alleviate the grave repercussions that the rapid increase in prices can have on some social groups.

For example, the government has doubled the appropriation of \$125 million provided for in the general estimates to subsidize industrial milk and cream. Thus, the supplementary estimates add another \$125 million. The same item in the supplementary estimates, in the form of a payment to the Farm Products Stabilization Account, includes the

necessary funds for the beef quality premium program which operated until last August and is now replaced by a price stabilization program.

The supplementary estimates also provide for an additional payment of \$202 million to the provinces under the Federal-Provincial Fiscal Arrangements Act. This rise is attributable to the increase in tax revenues of some provinces, an increase for which inflation is mainly responsible.

An item of \$118 million will be used to compensate the railways for freezing freight rates during the current year.

As hospitals and universities are facing increased expenditures, the supplementary estimates include new contributions of \$125 millions to the provinces under the shared-cost health insurance and university education programs.

Part of the supplementary estimates deal with economic development and supply. There is, under this item, an additional \$18 million in subsidies for equipment used in the construction of commercial and fishing vessels and a loan of \$20 million towards the Glace Bay heavy water plant, \$55 million in loans granted to the Canadian National Railways and, finally, \$19 million assigned to hydro-electric projects of the Northern Canada Power Commission.

The supplementary estimates also include new social measures—of which \$30 million are earmarked for the economic development of Indians and other needs of our Indian and Inuit peoples, as well as \$90 million for the Local Initiatives Program for this season and the end of the previous one. The explanation of \$1 items has already been given to you, I believe, by my officials. I will be glad to answer any questions you may want to ask me in relation to the supplementary estimates.

Senator Langlois: Mr. Minister, in your total of \$1,749 million in the Supplementary estimates, you do not include, I hope, \$1 items which are transfers of existing votes.

Hon. Mr. Chrétien: No.

Senator Langlois: Now, you have also mentioned the item covering commercial fishing vessels.

Hon. Mr. Chrétien: Yes.

Senator Langlois: Could you also tell us if this is a new program you have initiated?

Hon. Mr. Chrétien: No, it is not a new program; it is a long-standing program of the Department of Industry, Trade and Commerce, I believe. But, as . . .

Senator Langlois: Is it 17%?

Hon. Mr. Chrétien: This is it, the 17% program, but we were forced to increase our appropriations for this item

because the number of requests was greater than contemplated. There were more vessels constructed than were anticipated and the costs were also increased for each vessel. Therefore, our contribution being based on a percentage of 17%, we were, consequently, forced to increase our expenditures and this is reflected in our request for supplementary funds.

Senator Langlois: I believe it is exactly 17¼%.

Hon. Mr. Chrétien: C'est possible. However, it is not my Department, so!

Senator Langlois: You know, this is a bit within my field.

Hon. Mr. Chrétien: I am aware that you are very knowledgeable on ships.

[Text]

Senator O'Leary: Mr. Minister, I am interested in vote 10b, National Defence.

Hon. Mr. Chrétien: Oh, yes. You too? You are not the only one interested in vote 10b.

Senator O'Leary: Could we have a further explanation of that item, please?

Hon. Mr. Chrétien: That is a transfer from one vote to another.

This additional amount is required to cover an increase in the contribution to NATO Infrastructure and military budgets. This increase is required to meet a carry-over of \$1.5 million of unpaid accounts from the 1973-74 fiscal year plus Canada's share of an unanticipated special payment to settle a claim from the NATO Air Defence Ground Environment Consortium.

And the money is coming from vote 5, because there was a slow-down in certain capital projects within the different service programs.

Senator O'Leary: What was the complete contribution to NATO last year and the year before? Is it growing, is it stationary, or what?

Hon. Mr. Chrétien: It is stationary, but the problem, senator, is that the costs are, of course, increasing there as they are here.

Senator O'Leary: Has inflation made a difference?

Hon. Mr. Chrétien: Of course, yes. It is one of the problems in all the supplementary estimates that I have been tabling so far. With respect to most of the items there is really no choice. In the last four months we have not accepted very many new programs involving money; we have been rather tough on that. But, as I explained earlier, some of the costs are such that I have no control over them. For example, I explained that if the provinces spend more money on the medicare program then I have to pay 50 per cent of that and the same thing applies to the university programs. We have programs like the old age pension that are increasing with inflation. Because of the indexing of certain programs we have to go along with this, and certain capital programs have been started at the beginning of the year and we have agreed to pay them to finish them.

Senator Hicks: You mentioned the university program, but actually you have limited yourself in the amount of the increase there.

Hon. Mr. Chrétien: Yes, there is a limit.

Senator Hicks: Is any province going up to the amount of the limit?

Hon. Mr. Chrétien: I do not know that, sir.

Senator O'Leary: We withdrew some of our contributions to NATO a few years ago. Does that make any difference in our total expenditures for NATO?

Hon. Mr. Chrétien: Yes, it must have done so because when we withdrew 5,000 people from Europe our costs went down there, but the budget for national defence has increased substantially over the past few years and it will increase next year, but I cannot say by how much.

Senator O'Leary: Perhaps you can remember roughly by how much our contribution to NATO has been reduced in the past five years, or is it still going?

Hon. Mr. Chrétien: Unfortunately I am not the Minister of National Defence and I cannot tell you what has been the diminution over the last five years. But it must have been substantial in relative terms. Of course, as our cost is increasing every year per unit in relative terms, it should be half of what it was. But because of inflation and other problems of that nature it is not half in dollar terms, but in real terms it must be close to half.

Senator Carter: So if we have 10 per cent inflation for five years you bring it up that half again.

Hon. Mr. Chrétien: That could be. That is why some people are surprised at the big numbers we are playing with these days, but we are not speaking of the dollar of 20 years ago.

Senator Langlois: Would you explain the nature of the claim that this vote intends to settle? In the context of the description of the vote it looks to me as if it is rather a call for additional sums due to increased costs. Is that the case or is it that it was an unanticipated special payment? We did not anticipate inflation?

Mr. B. A. MacDonald, Assistant Secretary, Program Branch, Treasury Board Secretariat: Mr. Chairman, in the main estimates you would appreciate that this is not the full cost of Canadian defence. There was an amount of \$17,610,000 in the main estimates, and we pay a share, and I am afraid that I do not know the actual percentage that we pay. As this cost of the infrastructure rises, for whatever reason, Canada is required to increase its payment proportionately. We are not paying the total—this is just a part—but they have faced greater costs and we are making additional payments according to the agreed share.

Senator Hicks: I do not want to make a big thing of this, but if the \$1.5 million related to a carry-over of unpaid accounts from the previous fiscal year, why would not that have been known and budgeted for in the normal manner?

Hon. Mr. Chrétien: I am not sufficiently familiar with the system of accounts, and we sometimes run into that problem ourselves in our own accounts.

Senator Carter: You mention, Mr. Minister, about \$18 million for the ship-building program. Is this for fishermen?

Hon. Mr. Chrétien: Fishing and commercial vessels, yes.

Senator Carter: How much of that is really to help the fishermen or to help the shipyards?

Hon. Mr. Chrétien: Well, you cannot have fishermen if you do not have shipyards.

Senator Carter: No, but are you building boats that the fishermen do not need just to keep the shipyards going?

Hon. Mr. Chrétien: I cannot tell you specifically all the administration of that program. Of course the shipyards are building boats and are doing pretty well and of course if this subsidy had not been given then I presume shipyards would have passed the costs on to the fishermen.

Senator Carter: I am not talking about the big shipyards where they build large ships, but as I understand this program it is for small boats for inshore fishermen, and the big shipyards are not greatly interested in building that type of boat; they are not geared for it. So we encourage a number of small shipyards to go into operation to build these small boats. A question arises here because we are depleting our stocks and we are licensing fishermen to conserve our stocks. I think there is a question as to whether boats are not available already for people who are getting out of the fishery business rather than the need for a new program, and I am just wondering, when you encourage these small shipyards to go into the business of building small boats, whether you do not get yourself in the position where the money spent is utilized more for the benefit of the small boat builders than for the needs of the industry itself.

Hon. Mr. Chrétien: I am not in a position to comment on the actual program, but what I will do is I will invite the Minister of Industry, Trade and Commerce to read your remarks, Senator Carter.

Senator Langlois: Is this subsidy for fishing boats still somewhere around 50 per cent of the total cost of construction? It was originally that, but I do not know what it is now.

Hon. Mr. Chrétien: Unfortunately, we are not equipped to give a precise answer to that question, but we can find out for you and send it to Senator Carter and to you for your interest.

Senator Croll: The Schedule A of the document given to us this morning I find that in various departments you have transferred about \$10 million. Now the question that comes to my mind is this: Do you have some other pockets that are overloaded that you can transfer from one to another?

Hon. Mr. Chrétien: Not me; I don't.

Senator Croll: But you have to answer for it today.

Hon. Mr. Chrétien: What I have done since August, senator, is this: I have said to the departments, "Don't call for new programs or for new money." I pay some higher bills because of inflation, but this could not be avoided. But I said, "If you have some other priorities within your department, then you find the money." I say that because if you yourself go to one department and try to get them to cut down they will always try to make sure that they will put on the block something that will hurt the government. So it is a question of squeezing them that way and letting them do something within their own departments in changing their priorities. I think this is a very good tactic, to make sure that they will cut the fat somewhere for their

own benefit. But when you ask a department to cut the fat for another department they always manage to offer to cut the finger that is hurting the government most.

Senator Croll: Well, Mr. Minister, while I do not share this view, I know that the assertion is made and repeated across the country consistently today that one of the reasons for our difficulties is the overspending by the federal government, not to talk about the provincial governments of municipal governments, and when you hand out \$22 billion or \$24 billion it looks like a lot of money. I have no idea how much more they could have transferred or saved in addition to this amount when you put some pressure on them, but can we feel, secure that the pressure is total and complete to cut down where possible?

Hon. Mr. Chrétien: When there is a committee of the Cabinet sitting and I arrive, it is as if I were an undertaker coming in. It is the same problem when my people go into the departments. A lot of ministries complain that we are always looking over their shoulders and putting pressure on, forcing them to absorb costs, and so on. Yesterday night, for example, after a meeting in my department I went to an office at 7.30. There was one man there; I spoke with him on human terms; I had met him in another department about seven years ago, and yesterday I saw him in the Treasury Board. I talked to him about his own work and he said, "In the long run it is a very depressing job to fight back against the department you have been assigned, to try to find money that they can cut and so on." We are putting on a lot of pressure, but I cannot tell you that there is no fat whatever anywhere. It is impossible in a big machine like that. I can speak from both sides, because I was in a department, and I used to complain very much about the Treasury Board, that they did not give me enough freedom. I think we are doing our best, but I cannot guarantee that we have 100 per cent success.

Senator Croll: In speaking of the expenditure of money, as we do, you are aware of the fact that in those joint programs we have very little opportunity. For instance, in the province of Ontario they keep repeating, by means of newspaper ads, the program of gains, guaranteed annual income for the old, the aged and the crippled. British Columbia does it; Alberta does it; some of the others do. How does the public know that some of that money is our money?

Hon. Mr. Chrétien: Half of it is our money.

Senator Croll: You are telling me, but I know. I am asking how does the public ever get to know that half of this is our money?

Hon. Mr. Chrétien: We are trying harder now to make sure that provincial governments make known to the public what our contribution is. We have had some fights with provincial governments. As you know, the greatest secret of state in any province is the federal contribution. We are now trying in any new agreement with a province to make sure that the public know, because the public is entitled to know that their tax paid to the federal government is coming back to them in that way. I recognize that it is not an easy proposition. It is always frustrating for federal politicians in trying to make sure that it is known.

I know of some problems. I can tell you of an incident where the people realized this was true in my own riding. An old folks' home was being opened; the land had been provided by the city and the federal government provided all the money to build it. The provincial government was

responsible for any deficit, if there was one; they made sure there was no deficit, so it was costing them no money. On the day of the opening nobody knew we had made any contribution. There were about 100 Quebec flags on the building and no federal flag. I made the headlines in the local newspaper, because I turned to the provincial minister and said, "We put half a million dollars into that building; you put in nothing. Could you not find at least ten bucks to buy a Canadian flag?" Everyone realized from then on that we had contributed.

That is the problem. Now we are trying very hard with CMHC in the new agreements, when we get involved in a building like that, or hospitals, Mr. Lalonde's program and so on. We are getting tough to make sure the people know we have contributed, because they are entitled to know. However, it is always frustrating to the federal government when you contribute money only and are not involved with naming engineers, choosing sites and so on. Senator Robichaud was not like that when he was premier!

Senator Hicks: He is the only one then.

Senator Robichaud: Let me add my comment on this. I was in the business for about ten years and I made sure at every opportunity that the provincial government got full credit, even if the federal government contributed 90 per cent. Unless the federal government used their own public relations apparatus the full credit went to the provincial government, and I made sure of that on every occasion. Some provincial departments were more alert than others and made sure they got their credit. That is the policy of every provincial government.

Hon. Mr. Chrétien: I know.

Senator Robichaud: I was friendly with the federal government, but at the same time I wanted to get full credit if I could get away with it.

Hon. Mr. Chrétien: Thank you for confirming what I said.

Senator Croll: Mr. Minister, what troubles me is that they have raised the amount of the old age security, for instance, in two or three provinces by \$25, of which we pay half. If Senator Robichaud's province did not have the \$25 to raise, his people did not get it at all. But rich Ontario has the \$25 and the province pays half. In addition to that, there appear ads in the press saying that this is what the provincial government is paying.

Senator O'Leary: Mr. Chairman, on a point of order. I did not know I was coming here this morning for a committee on dominion-provincial relations. I thought this was a finance committee. I want to ask a question. This week the British government announced in their budget that they were cutting back \$10 billion on defence, \$1 billion a year for ten years. Has any thought been given or effort made in Canada by the Department of National Defence or the Treasury Board to follow that same line in Canada, or are you just going on spending as usual?

Hon. Mr. Chrétien: You should meet the member of Parliament from Halifax, Mr. Forrestall, who gave me hell because I was too tough on the budget of national defence.

Senator O'Leary: I don't care what Mr. Forrestall says. Mr. Forrestall is not here and I am not concerned with him. I don't follow the party line, as some people in this committee do, apparently.

Hon. Mr. Chrétien: I know, senator. I am telling you that we are not increasing the total budget of National Defence as the Minister of National Defence would like us to do. There is an argument that among all the nations in NATO we are among the lowest in terms of our GNP. For some years we froze them, and we started to unfreeze them, if I can use that expression, two years ago. We have now developed a formula with them that they try not to increase over the years by more than a certain amount of money. This year they came to me with supplementary estimates for a pile of money, and I turned them down. Next year, however, there will be some increase, because, of course they have to live with inflation; but there have been reductions in the forces over the years.

I am told now that there are around 79,000 people in the forces, which is many thousands less than it was two years ago; but we have our commitments to NATO and to NORAD to respect; we have the protection of our own coasts, and so on. It is not a completely useless operation. Of course, in some areas, at the same time, National Defence expenditures are part of the economic stabilization program, more or less. If we were to cut down all defence expenditures in the Maritimes, for example, it could be a real disaster.

The Deputy Chairman: Does that answer your question for the moment, Senator O'Leary? I am wondering if I could get back to Senator Croll.

Senator Croll: Have you finished, Senator O'Leary?

Senator O'Leary: Yes.

Senator Croll: He has knocked you out of court, has he?

Senator O'Leary: He has not. He has given me a reasonable explanation. That is all I came for. I am not here to talk about provincial relations, or make party capital out of what you think the provinces should be doing. What are we here for?

Senator Croll: Well, I would have thought we were here to find out whether the money is being spent wisely or not.

I believe, Mr. Chairman, that I was speaking about the richer provinces as opposed to the poorer provinces. Is there nothing to compensate the poorer provinces for that sort of thing?

Hon. Mr. Chrétien: We have two ways of compensating the poorer provinces. We have for example, the equalization payments. They have been improved very much lately because Alberta has become quite rich as a result of the sale of oil at higher prices. We have been forced to put some more money—I think it is \$200 million—into equalization payments over and above what we were paying before. That is quite a substantial sum of money. You know that I am working on the budget for next year and I can tell you that there will be some more money in equalization payments, but that will be something that will be controlled by this legislation on equalization payments, so that they are not spread over more than a certain percentage as between the richest and the poorest provinces. So that is some cash that is going to the provincial governments and, of course, on some of the health and welfare programs there is at least a 50 per cent contribution by the federal government. There is perhaps some special arrangement—it was made by the department of Mr. Lalonde—and there is, of course, the DREE program. I think the budget this year is \$500 million that has gone into the poorest parts of Canada in order to bring about

some economic activity that will lift the base for everyone there. We are doing our best, therefore, but as you know, the richest provinces are always in a better position. I am annoyed, as you are, when British Columbia, or Alberta, or Ontario, the richest provinces that we have in Canada, increase some programs such as the ones referred to, for which we pay 50 per cent of the cost, and they do not give us credit for it. That is annoying and it is not healthy. I think the public is entitled to know these things.

Senator Hicks: I wanted to add an addendum to the point that Senator O'Leary made, because I do not think his observation should go unanswered.

To infer that because Britain could reduce its military expenditures by \$1 billion a year Canada should do likewise...

Senator O'Leary: I did not say that. I asked if there was any thought being given to it. That is not what I said and do not put words in my mouth.

Senator Hicks: Senator O'Leary, you had your say, please allow me to complete mine.

Senator O'Leary: Well, do not say it in that way.

Senator Hicks: I will say it the way I think is fair, and I will try not to misrepresent Senator O'Leary.

The fact that Great Britain could reduce its military expenditures by \$1 billion a year is in no wise relevant to the Canadian situation. I will not make a speech on behalf of the value of the armed forces in Canada, but I do think they are extremely valuable for many reasons having to do with our national interests, the attitudes of our people and the morale of our people, as well as the fulfilment of Canada's commitment abroad. I was a delegate to the United Nations at the General Assembly a year ago when the Canadian forces were called upon to do an important job in peacekeeping after the October war, and it was highly significant to me that except for the major powers, who, by definition, were excluded from participating in that peace force, Canada was the only country that could provide the logistics and service components that made possible the deployment of troops there.

Even there, our friends from behind the Iron Curtain tried to insist that Canada's participation should be counterbalanced by a force from Poland, and so the plain fact was that Canada was the only country, apart from the great powers of the world, that could supply certain components of the logistics requirements of those forces, and I think it is important for Canada, and for Canada's position in the world, that we maintain the capability of doing that sort of thing, as well as for the many other reasons why we should not weaken our armed forces unduly.

The Deputy Chairman: Was that a statement, Senator, or was it leading up to a question?

Senators Hicks: That was a statement.

Senator Everett: I have two lines of questions. One, Mr. Minister, is on the question of frills.

I congratulate you on your attitude towards expenditures, and on the fact that you are going to try as hard as you can to keep expenditures down; but I wonder about some of the frills of government.

Most senators, I believe, received this this morning, in the mail, in a cardboard tube. It is a colour job. I do not

know if the minister is aware of it. There is no reason why he should be. I just wonder, however, what it is in aid of.

Senator Benidickson: I say it myself, and was equally shocked.

Senator Everett: I am not shocked; I am just mystified. I will read it for the record. It says, "Law reform concerns me," and the same thing appears in French. Then it has a design.

Senator Langlois: Are you not concerned?

Senator Everett: Very concerned. Now I am going to make a statement. What concerns me is the frills that we see over and over again in government, and I wonder that sort of control you apply.

You apply a macro-control over the operations of the budgets of the various departments, and I think you do that extremely well. I do not know whether you apply any other kind of control when you are talking about \$26 billion worth of expenditures, but it seems to me there has to be some sort of control on this sort of frivolous expenditure that apparently departments refuse to control themselves.

Hon. Mr. Chrétien: I do not know if it is frivolous or not. It is difficult for me to judge, because I do not know in what context they have decided to print that.

Senator Everett: That is a fair point.

Hon. Mr. Chrétien: But I would like to come back to the point raised by Senator Croll. One of the big problems we are having as a federal government is that our own publicity is rather bad in comparison to that of the provinces. Senator Robichaud has just confirmed a minute ago that as leader of a provincial government he would try to get the maximum exposure for his own contribution, and get the maximum credit, and that is fair game. Most of the time the federal government is weak in that regard, because we are frugal compared to some of the provinces. I remember that at one time I could have been accused of frill like that. It was at the time when I was the Minister responsible for parks. I had a publication in my department explaining the parks policy, the publication in question being a very nice magazine. Nobody, however, would know there was a federal government from looking at it. It was paid for by us, yet there was almost no indication that the federal government was responsible for national parks. I insisted that the first page should indicate that there was a federal government and that there was a minister responsible. I got blamed in the house for that because they had to add a page to it.

I think that is part of our problem. Of course, you just project that to me and it is quite modern and it is too blue for my taste, you know. But sometimes we are not doing our share of that.

For example, take the B.C. government. They have publication every year with pictures of the premier and the cabinet ministers here and there and so on, showing how great they are. It started with Mr. Bennett, but the socialist government is doing even worse. It is just a public relations type of thing.

Well, we do not do that, and sometimes I feel that we do not take enough credit. In my own province when I became a member in 1963, 1964 and 1965, there was so little input in the lives of the citizens that no one knew what the federal

government was doing for them. At least the people now know more than they ever did before. Perhaps we have to do that sort of thing in order to show our existence and to alert the people.

Nevertheless, this example seems a bit much.

Senator Everett: Mr. Minister, indeed this may be a little odd, to take your point of view, although on examination it may not be. What I am really interested in is that in business a budgeting process involves the various departments or branches of the business submitting their budget; those are then approved and they operate their business. But there is also usually an agency in the management of a business that, on an on-going basis, checks out whether the money is being spent on necessary items.

Hon. Mr. Chrétien: It is our job. That is what the Treasury Board is doing all the time. I was explaining earlier that when we arrive in one department it is just as if we were an undertaker, because we are doing that. With respect to something like that poster, my people would note that and they would ask the Department of Justice why that was done. I had the same reaction as you. I did not see that, but there was a kind of comic strip that I received from the Law Reform Commission in the documents I received this morning. I didn't have time to read it so I put it away, but we will check it and we will try to find the reason for it. It is obvious that they want to make the population aware of law reform. To this end they would like to have people send in their briefs and points of view. The communication experts in the department may very well have recommended that this poster was probably the best way to go about achieving the desired results. As I told you, it is a bit simplistic for me and rather too blue.

Senator O'Leary: I wish the minister could check my waste basket, if he thinks they are not doing anything in the way of publicity.

Senator Croll: That must be provincial publicity you are referring to.

Senator O'Leary: No, sir. What about the department of public information? We are spending \$10 million on it. In addition to that, every department every day gets out publications now that are scandalous in the way of costs. I know something about these publications. We used to get ordinary blue books. We don't get those any more. Now we get decorated things that are costly. They come to us every day. And what are they talking about? Mostly about the exploits of some great minister.

Senator Langlois: Oh, come on!

Senator Croll: Oh, no.

Hon. Mr. Chrétien: The problem is that we are not good enough in doing that. I tell you that compared with the publications of the provincial government we look very cheap.

Senator O'Leary: Well, of course, they are bad, too.

Hon. Mr. Chrétien: Naturally, sometimes there is waste in competition between governments, but I often argue that the competition between these two levels of government is the most healthy thing we have in Canada. If one level doesn't do something, the other level does. I certainly prefer that situation of competition between two levels of government, which has the effect of getting things done, to the situation which obtains in England and France, where

the government is huge and everything is located in London and in Paris and there is just des goulots d'étranglement. How would you say that in English? Everything is completely strangled up or choked up within huge departments or bureaucratic organizations.

But in Canada competition does the trick: if one government is sleeping the other government makes sure that it moves; and that competition has had a very healthy effect so far is obvious, because we have a better society in Canada than anywhere else.

Senator Everett: If I may pursue my point a little further, Mr. Minister, what does the Treasury Board do in respect of expenditures of this type within individual departments? You say that you will check this out, but there are other things that you find to be excesses which are still within the budget amount shown in the estimates but which you think are not sound spending.

Mr. MacDonald: Mr. Chairman, as Senator Everett might recall, up until about 1965 the estimates used to be controlled in terms of actual expenditures. For instance, there would have been for an organization like the Law Reform Commission an item for publicity, and the actual contents of that would have been carefully scrutinized.

Then a change was made in the budgetary process, because it was becoming extremely complex for any central organization to begin to look almost item-by-item at departmental expenditures; so we moved to a total budgeting concept. But when an organization asks for additional money, both in the spring, when the first review is done, and at estimates time, they have to explain it in terms of what they are going to spend the money on, which usually would be in terms of additional people, salaries or capital for some type of equipment or materials and supplies of one kind or another. At that stage we do become involved.

But, within reasonable limits, the management of an organization is allowed freedom to choose how it is to spend its money.

Where waste becomes apparent, and I am not singling out this example—I don't like the blue either—this becomes something that we would take into account.

For instance, if a department asks for additional man-years then we look at what their current consumption of man-years is and we look to find whether one part of the department has obviously been unable to staff up its program. We point this out to them and recommend to the Treasury Board that no additional man-years be given.

Senator Everett: That is on a PPB system.

Mr. MacDonald: On a PPB concept, yes.

Senator Everett: For example, in this case, the Law Reform Commission would have a budget and part of that would be publicity.

Mr. MacDonald: In particular, the Law Reform Commission shows here in the main estimates that it has \$1,791,000, of which \$200,000 is for, as they call it, information.

Now, we would not probably get, in normal circumstances, into too much detailed consideration of that. If the Law Reform Commission wanted very substantially to expand its program, it would have to come to the Treasury Board and then we would get into detailed consideration. But it would be manifestly impossible for us to review in detail everybody's information budget.

Senator Everett: Two things occur to me. One is that you are reviewing these things on a budgetary basis, rather than on the management of the expenditures after the budget has been approved. The other is—and I am referring specifically to this business of information—that this committee did a report on Information Canada along these lines—and I commend the report to the minister if he has time to read it. One of the main recommendations in that report was that Information Canada should act as the agent of the Treasury Board in screening the information budgets of the various departments, because we found on our examination that this was a matter that was almost totally out of control. It was in the hands of individual departments and not under any co-ordinated system so that they could come to Treasury Board and say, "We need \$200,000 for information," and then turn out something along this line.

I am a great disciple of the PPB system, but I am concerned about the on-going management that should be provided, and at some time I hope—and it would be my intention—that we would have a hearing with the minister to discuss his ideas or his reflections on the report published by this committee on Information Canada. I would like that, because I think there were very useful recommendations which would help to control the \$200 million a year which is currently being spent on information. It seemed to us to be very much out of the control of the Treasury Board.

Hon. Mr. Chrétien: I have not read the report, Senator Everett, so I cannot comment fairly at the moment. I will check it out and see if I can offer a better contribution than I can give you this morning.

Senator Everett: I think it would protect Treasury Board against the kind of thing that this indicates may be happening.

Senator Croll: You suggested that there was \$200,000 in there for advertising and perhaps a couple of million for other purposes. Now the point that strikes me is this, if they decide within their vote to change that \$200,000 to \$400,000 they do not need your permission. In fact, they do not need anybody's permission.

Mr. MacDonald: They do not, sir, but as a practical matter if you look at the Law Reform Commission you will see that they have something like \$400,000 for salaries and wages, and they have to pay that.

Senator Croll: Yes, I can quite see that, but in principle they don't.

Mr. MacDonald: That is right.

Senator Robichaud: Mr. Chairman, my question is along the lines of the questions asked by Senator Croll and Senator Everett. You say that there is a sum of \$200,000 allotted for information within the Law Reform Commission. Is there any effort made by Treasury Board to control that \$200,000, because I think we all know that there is tendency, where money is being allotted for a certain purpose, for the bureaucrats to make sure that the money is spent regardless of the need. So if there is an allotment of \$200,000, then \$200,000 will be spent even if they have to produce such a thing that is completely meaningless not only to the layman but even to professional people. In other words, they will make sure that the \$200,000 is spent simply because it has been allotted.

Now my question is this: Is there any effort made by Treasury Board to make sure that if they do not require the \$200,000, or if they can get away with \$150,000, then they transfer the other \$50,000 elsewhere.

Hon. Mr. Chrétien: You are asking me if in fact we make an individual examination of these things regularly. I do not think it is possible for Treasury Board with all the agencies and budgets we have to control all expenditures within every department. We have lapses at the end of the year which represent quite a lot of money, so I am quite sure that it is not true that everybody is trying to spend the last dollar.

Mr. MacDonald: These amount to about 2 per cent of the total voted amounts or about \$500 million a year of estimated expenditures that go unspent.

Hon. Mr. Chrétien: That stays in the coffers because it has not been spent. That is 2 per cent of the budget. So we can see at the end of the year when people are rushing and we try to tell them that it is not a good thing in the last months of the year to try to transfer money from one project to another. Suppose that they have not spent the money allotted to them for information; they cannot spend that money for travelling or something like that without our permission.

Mr. MacDonald: The controls imposed by Treasury Board on all departments are as between capital expenditures, grants an contributions expenditures and operating expenditures. Every grant and contribution listed in these estimates has to be used for the purpose stated unless approval for a change is obtained from Treasury Board, and if a department has any significant amount of capital they have to spend it for capital purposes unless permission to do otherwise is received from Treasury Board. Grants are a different thing. If the amount of a grant is expanded, then we have to request it in supplementary estimates. With respect to operating expenditures for salaries, materials, supplies and information and things of this nature the department has the flexibility, but you realize that in most operating departments the salaries are what cost the most money and they have to meet those salaries. That is really their only flexible area. I might say that in this particular period of time with the departments facing extra costs, many departments have come to Treasury Board seeking additional resources for reasons of price and the board has not been sympathetic except in rare instances. The departments have been forced to absorb within their existing resources costs that they have not anticipated. This replaces the system under which Treasury Board would in fact have to approve each transfer of money from salaries to information to advertising to telephone bills or to anything else. It was becoming too rigid.

Senator Hicks: This is not a question of supplementary estimates; this is a discretion that would be exercised by the Treasury Board. Would there be any report to Parliament on the exercise of such discretions by Treasury Board?

Mr. MacDonald: It would appear in the public accounts.

Senator Flynn: Is there any control after the fact by Treasury Board? Let us say that this expenditure is meaningless and futile. Is there any control by Treasury Board or do we have only the Auditor General or Parliament?

Hon. Mr. Chrétien: I think there is such control in that if there is a complaint we have in our department people whom we call program officers. There is one person in our department who is charged with this program, and if there is a complaint then it will go to him. So when people come from various departments to discuss next year's budget, and we must remember that they are always short of money according to themselves, then something like this is a strike against them. I receive all sorts of complaints like that which are transferred to the program officer and when he discusses these matters with the program people from the department he says, "Oh, yes, you say you are broke, but look at the crazy thing you have done here." And in that way there is control when they seek an increase in money for the following year. We brief our people with all these complaints and they are quite alert and they spot these things. These people are communicating every day, and that means that tomorrow our program officer will have this advertisement and he will call his counterpart in the department and he will say, "You were telling me last week that you were short of money and my minister was speechless when he saw that in front of the committee," and that sort of thing, so the representative from the department will be in a bad position when he comes to seek more money next time.

Senator Langlois: Earlier, Mr. Minister, you compared yourself to an undertaker. Now I see that you have your own grave-diggers.

Senator Everett: If we have a complaint about these excesses, whom do we get in touch with?

Hon. Mr. Chrétien: I think my department would be the most efficient area in this connection because you give us the tools to work with.

Senator Everett: Do you encourage the public to contact the department?

Hon. Mr. Chrétien: There is also the Auditor General, but in terms of daily operations, yes. If people feel that one department exaggerates its expenditures, they should tell us, and that gives us a good tool to use to make sure that this does not happen because, for example, the responsible person with the Law Reform Commission will have a problem because of that poster, and we will ask him to tell me the reason. Perhaps a committee of experts has concluded that it is the greatest advertisement in the world, and they may be right, but coming from La Biche, Shawinigan in le Comté Saint Maurice I am not impressed by it.

Senator Flynn: Speaking of the Auditor General, I notice that the new Auditor General has another approach, and he has said so, in that he makes a complaint right away to the department, and tries to correct it on the spot. Does he refer these things to the Treasury Board?

Hon. Mr. Chrétien: Oh yes.

Senator Flynn: At the same time as he discusses it with the department concerned immediately?

Hon. Mr. Chrétien: There is no written rule for him, because he is completely independent. He works very closely with us and alerts us right away when he sees some problems.

Senator Flynn: He does that with the Treasury Board, not only with the department immediately concerned?

Hon. Mr. Chrétien: Normally he keeps us informed because we are responsible for the coordination of management technique within the administration.

Senator Carter: I was going to follow up on Senator Everett's comments about the Senate committee report on information services. In that we asked the Treasury Board to use Information Canada as an agent to control this sort of thing. The Special Committee of the Senate on Science Policy did the same thing with respect to all the money that is being spent on scientific activities. The Treasury Board has disregarded both of those recommendations.

Mr. MacDonald: In the latter case that is really not correct, senator. In the course of the development of next year's main estimates we had constant consultation on scientific expenditures with the Ministry of State for Science and Technology.

Senator Carter: But not in the context of the science policy report. We asked that the Minister of State for Science and Technology be presented a budget, which would outline for every department the details of what every department spent on scientific work and on laboratory work. We know there is a tremendous amount of duplication and empire building that could be eliminated, and that would be exposed by adopting our suggestions. There is no way of exposing it now, because nobody knows how much the federal government is spending on science activities. We can get little bits of information here and there from each department, but there is no overall picture. That is what we were trying to get at, so that we could have this under better control. It is the same idea.

Senator Everett: In that context, perhaps I could read from chapter 4, the conclusions and recommendations, of our report, a copy of which I will give the minister. It says:

In the Blue Book of Estimates, the cost of information services should be fully and clearly shown for each program of each department and for all government agencies. Treasury Board should publish a definition so that departments will know what items should be included in information services. This definition should be developed for Treasury Board by Information Canada.

Information Canada should act as the agent of the Treasury Board in screening the information budgets of all departments and agencies and advise Treasury Board regarding expenditures on information programs proposed by departments.

That theme is developed in the report, amongst other themes.

Hon. Mr. Chrétien: I am told we could break down the books in that way, but you can see the brick we have now as a blue book. If we broke down all the activities in that way, as you suggest, for publicity, information and scientific expenditures, the information could be obtained, but if printed it would be a real brick of a book, and it would be a real problem to carry it.

Senator Flynn: Especially through Parliament.

Senator Everett: That is not entirely true, because in the information services certain departments do publish separate items in the budgeting system. It is just that some departments do not. What is worse, there is no agreement upon definition amongst the departments as to what con-

stitutes information. Therefore, it is very difficult to control. However, we leave that with you for your consideration.

Senator Langlois: I should like to refer to these \$1 items. I have added up the 13 items of transfer payments and arrived at the sum of \$12.5 million. I have done the same with the six items authorizing grants, and the total amount is \$4 million. Could the minister tell us how this compares with previous years as far as the total amount covered by those transfer payments and votes authorizing grants or reallocation of former expenses?

Mr. MacDonald: I am afraid I would not know. Instinctively, I think it is a sort of normal year. This practice of allowing transfers between votes was instituted in, I think, about 1968 as an alternative to providing additional supplementary estimates. It had two motives really: not to expand the estimates unnecessarily, and to encourage departments, when they found themselves facing requirements for additional resources, to look elsewhere and to readjust their priorities.

In the case of grants, as you will appreciate, there is a grant budget set up for a department. It is contemplated in the first instance that they are going to pay grants of this amount, but the specifics are not always clear at the time the main estimates are printed. Because of a long-standing assumption in our system that each grant has to be approved by Parliament, it has been the custom—a jealously guarded one I believe—that every grant shall be specifically listed. While the expenditure in total was contemplated, the details were unknown. What we are doing here basically is providing information and seeking legislative approval for the grants, but it is not a transfer in the same sense as the transfers to which you refer.

Senator Langlois: Sometimes you use this process of authorizing new grants to change the policy in regard to these grants, adding new groups.

Mr. MacDonald: That is right. As I say, specifically seeking parliamentary authority.

Senator Langlois: But you said this year is about a normal year.

Mr. MacDonald: Nothing has changed dramatically that would create any new situation.

Senator Benidickson: To come to this meeting I read the news release issued by Treasury Board dated November 22, giving a breakdown of the \$1,749 million in supplementary estimates B. Unfortunately, the breakdown in the news release of that date differs somewhat from the breakdown presented to us this morning. We do not have a copy of the minister's statement and it was difficult to record some of his figures. No doubt they are in harmony in the end. In the news release there was an indication that the \$169 million was for additional subsidies on milk for manufacturing purposes, and for beef quality premiums. Could you indicate how that is split up between milk and beef? It would be under the agricultural item, of course.

Mr. MacDonald: The total of the \$169 million is made up of approximately \$125 million for manufacturing milk, and the remainder, \$44 million or \$45 million, is for the beef quality premiums.

Senator Benidickson: That is in addition to the estimated amount when the main estimates were prepared?

Mr. MacDonald: That is correct. Essentially it is doubling the subsidies on the manufacturing milk.

Senator Benidickson: So the total for the fiscal year 1974-75 will be how much?

Mr. MacDonald: About \$250 million.

Senator Benidickson: That is an attempt to keep the consumer's cost down on that basic food item?

Mr. MacDonald: That is correct.

Senator Benidickson: Some of the items are inevitably increases in the estimates as contemplated a year ago when the estimates were prepared, and additional expenditures were necessary. Looking over the estimates quickly, I would think that some items probably involve new policies and completely new items. I wonder if, on page 90, \$58 million for net income care is something new, or is it additional to something that was in the main estimates?

Mr. MacDonald: On page 90? This really is almost in the nature of a technical adjustment. The Canada Assistance Plan operates under a need test, or means test. Some of the provinces have instituted universal programs which do not take account of need, in particular with regard to nursing homes; so that they could not receive subventions under the Canada Assistance Plan itself.

In order to compensate them for that portion which they would have received under the Canada Assistance Plan we are asking authority here to pay it through the Appropriations Act. It is really not a new program. It is an adjustment to the particular circumstances under which a province wished to operate its welfare system.

Senator Benidickson: Young offenders?

Mr. MacDonald: Yes, the young offenders. The Act requires that payments be made relative to welfare programs of provinces. Two of the provinces, New Brunswick and Ontario, I believe, choose to handle their services to their young offenders through the criminal justice system, and that would not be compensable under the Canada Assistance Plan. To pay them assistance for essentially the same services, we are asking for payments under the Appropriations Act.

Senator Benidickson: On page 42, under the heading, "Canadian International Development Agency", more than \$20 million is allocated for shares of stock in the Caribbean Development Bank. Is that a new step completely?

Mr. MacDonald: No, sir.

Senator Benidickson: Have we previously owned shares in that?

Mr. MacDonald: Yes, sir.

Senator Benidickson: And this is a levy by reason of our membership in this plan.

Mr. MacDonald: That is correct.

Senator Benidickson: Reference was made by Senator Everett this morning to some reconciliation with business practices, and the public often thinks that we have a style of control that is quite unique and quite different from the one that applies in the business area.

I happened to read last evening this week's front page article in the *Financial Times*, and I will quote from it. It

says that there is a hint of promise in the report of the Auditor General, and goes on:

Under Ottawa's executive interchange program, experts from 16 private accounting firms are working with the Auditor General to examine the government's whole system of financial management and control. They will report next August. Let us hope that they can help to push the bureaucracy towards more efficient management so that we will no longer need the bludgeon of a Henderson to keep it in line.

Does the Treasury Board expect that the assistance of these 16 people—which is a fairly large percentage of the professional staff of the Auditor General's department—will produce some pretty helpful results by way of this exchange with the commercial world?

Hon. Mr. Chrétien: We will take any help we can find in that field. It is so difficult to keep everyone in line. The Auditor General has undertaken that job, and he has gone for the best help he can get in order to scrutinize the whole financial operation of every department. We are very hopeful that he will suggest to us new techniques that could perhaps permit us to control even more closely the expenditures that are being made; but at the same time, as we said before, the ministers within the departments have some responsibilities, and when you have too rigid a system—

Senator Flynn: They have more responsibility for spending than for controlling.

Hon. Mr. Chrétien: But you cannot have one without the other, I feel, and you are held responsible if there are mistakes.

As I was saying, we are hopeful that the new approach of the Auditor General will be helpful to us in that field.

Senator Benidickson: This morning I think the minister indicated that he was using a combined figure. He said \$125 million would be going to the provinces for shared costs for universities and hospitals together. Could he break down the division of that \$125 million?

Hon. Mr. Chrétien: We will give it to you in a minute.

Mr. MacDonald: In one case, senator, the health program would appear under National Health and Welfare, under their health care program. That would be \$81 million under the hospital insurance scheme, and the payments with respect to—

Senator Benidickson: Would you call that statutory?

Mr. MacDonald: That is a statutory program.

Senator Benidickson: Out of the \$81 million that is referred to in the news release.

Mr. MacDonald: That is correct. And the post-secondary education payments are at pages 114 and 115 in the amount of \$44 million. That is also statutory.

Senator Flynn: It was underestimated in the original figures? Were the amounts underestimated?

Mr. MacDonald: Yes. When we print the main estimates we rely upon provincial forecasts, with a certain amount of interpretation of our own, which we will obtain about this time of the year, and as you will recall, the various hospital commissions had to sign higher contracts this Fall, and the education costs, of course, are rising, too.

Senator Hicks: All the publicity about levelling off of enrolments in the universities has made people tend to think that they are levelling off at a greater rate than they are. The fact is that university enrolments are still rising, but not at as fast a rate as they were before.

Mr. Chairman, I am going to introduce a new topic when you come back to me.

The Deputy Chairman: Senator Everett?

Senator Everett: I defer to Senator Hicks, Mr. Chairman.

Senator Hicks: Would you refer to page 28, and to the breakdown of the Supplementary Estimates for transfer payments to the provinces? There are two things that I do not understand. In the schedule of payments, the amount of \$31.9 million to Saskatchewan is bracketed, which means that it was an over-payment, I suppose. If so, how did this come about, and does that mean we withhold that much of a grant to Saskatchewan?

Hon. Mr. Chrétien: It is quite a technical problem. As you know, we are having some problems in that area at this moment, because the situation of Saskatchewan in relation to transfer payments is quite different since they are in the oil business, too, and they have received much more revenue this year. There is a problem of negotiation that I think we had undertaken, in terms of which we were not to go lower than a certain level, and so on; but perhaps Mr. MacDonald could elaborate on that.

Mr. MacDonald: I believe the Minister of Finance referred in his Budget speech to the portion of the oil revenues that would be compensable, that is, that would enter into the equalization payment base; so that there was originally an over estimate.

Senator Hicks: It relates to this, then.

Mr. MacDonald: I might say, with regard to these fiscal transfer payments, that because of the very complexity to which the Minister refers, the amount that appears in the estimates for one year always contains some adjustments regarding prior years.

Senator Hicks: I understand.

Mr. MacDonald: It is certainly one aspect of government expenditure that I do not pretend to understand.

Senator Hicks: I have an additional question. Below the total of those adjustments, which comes to \$162.5 million, is an item of payments under Part 4. Perhaps I should know what that is, but I do not,

Mr. MacDonald: I've got to say that I do not, either. We will find that out for you.

Senator Hicks: Thank you.

Senator Everett: Mr. Minister, what are now the total authorized man-years in estimates plus supplementaries?

Hon. Mr. Chrétien: It will be difficult to give you a very precise number at this time of the year, because we authorize a certain level of man-years, and after that, during the course of the year, there are some departments that come to us for an increase in man-years; then at the end of the year we find out that some departments have not utilized their full man-year authorization, for all sorts of reasons. It would therefore be difficult to tell you. I am working on

that at this moment, because I am preparing the man-year level for next year. The increase will be rather small in relation to the last two years if I have my way. I will have to get the authority of the Cabinet soon to do it. As I have said often in public, however, we are not freezing the manpower but it will rise at a much lower rate next year than the previous two years in terms of the forecast we are planning.

For 1973-74 the total picture was 315,000 man-years. There was a figure approved for this year but I cannot tell you exactly ...

Senator Everett: 333,000 was the figure approved.

Hon. Mr. Chrétien: But we are lower than that.

Senator Everett: But that does not include national defence.

Hon. Mr. Chrétien: No, it does not include the armed forces. Civilians are included but not the armed forces.

Senator Everett: Why not the armed forces?

Mr. MacDonald: I believe what we have here is the public service as defined in the Public Service Staff Relations Act. The armed forces do not fall under that act.

Senator Everett: Who else does not?

Mr. MacDonald: In any case, my answer would not be quite correct because we do include the personnel of the RCMP. Only a portion of the man-years are controlled by the Treasury Board in a direct sense, which includes the number of personnel in the RCMP; whereas the number of people in the military, in a sense, is controlled by their budget rather than directly. We also show in the estimates, in additions, the man-years for organizations such as the Canadian Broadcasting Corporation and AECL and organizations to which the government contributes for operational purposes. We show their man-year requirements, although the Treasury Board does not control that. That is why the total figure we printed in the estimates is higher than that.

Senator Everett: Do you have available the total man-years of the federal government?

Mr. MacDonald: I do not believe we have that with us. We could obtain it, in the sense that there is a publication of the Bureau of Statistics which includes the CNR and quite a few organizations. Some of these measures are not compatible to any extent. We have man-years, but what they count is payrolls, which represents people on strength as at a point in time.

Senator Everett: If you took a level of man-years that did not vary from 1973-74 to 1974-75, would you have figures on the increase in the amount of compensation paid?

Mr. MacDonald: I can tell you what was contemplated. We have the salaries and wages figures in the main estimates tabled. The figures I have here include the salaries and wages also of the military, but we would have to subtract them. It is \$4.010 billion for 1974-75 and \$3.638 billion for 1973-74.

Senator Everett: But that is on a different man-year basis, is it not?

Hon. Mr. Chrétien: Yes. There is an increase.

Mr. MacDonald: We could obtain figures and provide them to you with respect to salary costs, contemplated salary costs with respect to the numbers ...

Senator Everett: Could you give us a percentage difference?

Mr. MacDonald: Yes, sir.

Senator Everett: Between the two years?

Mr. MacDonald: Yes, sir.

Senator Everett: Could you go back to the five years that are on this table?

Mr. MacDonald: Yes, I believe we could.

Senator Everett: Or is that too much?

Mr. MacDonald: No, that could be done.

Senator Everett: In the main estimates you have a table that shows salary ranges.

Mr. MacDonald: Yes.

Senator Everett: Is that compared with ranges elsewhere in the Canadian economy?

Hon. Mr. Chrétien: That is quite a difficult question to answer.

Senator Everett: It would not be in the management area, of course. I am thinking in terms of the secretarial area. I am constantly hearing complaints that government pays more than private industry can pay. I do not know whether those are valid complaints.

Hon. Mr. Chrétien: We are having some problems with that, but we try to pay the competitive rates. The pay bureau in the Public Service, which is under the Staff Relations Board, analyses all the pay levels in Canada by categories. It is on that basis that we establish our rates. Our policy is that we should not be the best; we should be competitive. I was called a man of the eighteenth century because I said that. But I seriously do not think we can be the best, because, as I was discussing with the union people last night, I have unlimited access to resources. We just have to raise taxes. But, as you see, in our budget the level of salaries is \$4 billion in a total budget of \$22 billion to \$23 billion. For me that figure for salaries is marginal in relation to the provincial level, the municipal level or the school level.

Senator Everett: But that is \$4 billion in relation to operational estimates of \$11 billion. That would be taking out the transfer payments.

Hon. Mr. Chrétien: I am talking about the total budget. If I were to please everybody, just buy them out, if I can use that expression, it would not affect my budget that much in relation to any other level. That is why I say we should be competitive with the private sector, and it is why I argue, for example, that we should not stick too much to the national level. Because you could have this problem: what is not enough in Vancouver is too much in other parts of Canada. You can create a problem in another part of Canada. Remember the strike we had with the firefighters, for example. We were willing, in the Board, to give them parity with the firefighters in Vancouver. But as they were paid on a national level, they were at a lower rate than

their Vancouver counterparts. The situation at an airport in some other place in Canada will be different.

Another example that comes to mind is that of the postal workers. In Calgary we have problems. We have a terrible turn-over there. The Postmaster General was just recently telling me about it. On the other hand, in Shawinigan there is no problem with respect to turn-over. Using today's pay level I could place 200 people tomorrow working for the post office there. It is for these reasons that I am inclined to think that, to a certain limit, we should go towards a regional basis so that we do not become in some parts of Canada an unfair competitor.

One of the problems is that in certain areas of the country our employees are not at the same level as comparable workers in the particular city. Toronto is one example; Vancouver is another. But in other parts of Canada the federal civil servants are too well paid in relation to the level received by people in the same jobs in industry.

Senator Everett: That is because you are not on a regional basis now.

Hon. Mr. Chrétien: We are trying to do that, but at the same time we do not want to be unjust, because if the level is too low in some areas in Canada there is no reason why our people should suffer because of that.

It is a complex problem. The national level, as an absolute rule, creates some very difficult distortions. It is why in certain areas we are accused of pushing up costs because we are offering too much.

Senator Everett: Do you have any idea what the figure would be between 1973-74 and 1974-75, using the 1973-74 man-years as a base? What would be the percentage increase in wages and salaries paid?

Mr. MacDonald: We have some figures on the basis of individual categories over a period of two years.

Senator Everett: That might be of interest.

Mr. MacDonald: But I hesitate to make any other calculations, because it is terribly complicated.

Hon. Mr. Chrétien: Just to give you an example, for senior executives there was a 17 per cent increase from 1972-73 to 1974-75. But that is over two years.

Senator Everett: How far into 1975 does that go, Mr. Minister?

Mr. MacDonald: This information was compiled last week, so it would represent the mean levels of salary ranges presently in existence.

Senator Everett: That would probably be to the end of 1974?

Hon. Mr. Chrétien: This fiscal year.

Mr. MacDonald: Regrettably, senator, I know of no intent to raise those salaries at the present time in the department.

Senator Everett: Then could you go on to the clerical level?

Hon. Mr. Chrétien: In administrative support it went from \$6,599 to \$8,481 which is an increase of 28 per cent. We have a group here called "Clerical and Regulatory" who went from \$6,800 to \$8,900, an increase of 30 per cent over two years.

Senator Everett: You have a sheaf of material there and I presume it relates to this line of questioning.

Mr. MacDonald: It is just many copies of the one sheet.

Senator Everett: I wondered if there was any information that you were prepared to table.

Hon. Mr. Chrétien: Yes, we will table this. The rest is just advice to me to be careful.

Senator Langlois: And they don't want us to benefit from that advice.

Senator Benidickson: Looking at page 28 under the heading of "Energy Supplies and Allocation Board"—is that a new board? I ask that because I have not noticed that there was any allocation or any estimate for this purpose previously. So is it something new?

Hon. Mr. Chrétien: That is a new board that was created in the light of the problem that we faced last year and, as you will remember, we had a crash program because we were afraid of having a real shortage of oil last winter after the action of the Arab countries to raise the price and to limit the export of oil. This board was established at that time, and it is used now to do work for the Department of Energy, Mines and Resources to allocate the grants coming from the export tax on oil which amounts to about \$1.5 billion a year and which has to be redistributed to the industry in eastern Ontario, Quebec and the Maritimes. This board is doing that work, and this vote was for this purpose.

Senator Langlois: Is this board in operation now?

Hon. Mr. Chrétien: Yes, but they are not engaged in the allocation of oil because there is no need for this at the moment; there is plenty of oil available, but, of course, the price is too high.

[Translation]

It is not a problem of scarcity, it is a problem of cost.

[Text]

Senator Benidickson: This would seem to involve 33 persons. How were they paid previously if we are only being asked now to provide the funds?

Hon. Mr. Chrétien: I think we have paid them in the way we normally pay such people when a new program comes into being. We have a contingency fund for that purpose and if the supplementary estimates are approved, then the fund will be repaid from that new money.

Senator Benidickson: Seemingly they have been operating now for quite a little while, and it is not too long ago that we had supplementary estimates (A), so why was not this included in those?

Hon. Mr. Chrétien: Because the last supplementary estimates were related to a particular problem. We were not prepared to come with this series of supplementaries at that time. We presented only those that we were forced to present to the house and the Senate in the month after the opening of Parliament. Most of the money had been disbursed, not from the contingency fund, but from Governor General's Warrants and there is a provision which forces us to come before the house within a period of a few weeks and we just presented those matters that came under that form of payment during the previous period when we had no Parliament because the Opposition had forced on us an election—that was good for us in fact.

Senator Benidickson: Then on page 34, at the bottom of the page there is a reference to \$495,000 and the note says, "Contribution to Pulp and Paper Research Institute to assist the Program of Logging Research". Now, this has reference to the Department of the Environment. Is this a new program or a new type of assistance?

Hon. Mr. Chrétien: I shall try to get you some information on that. I do not know personally.

Senator Benidickson: Coming from northern Ontario, I am interested in this.

Hon. Mr. Chrétien: Coming from la capitale des pâtes et papiers, la région de Trois-Rivières, I am interested too.

Mr. MacDonald: I believe, sir, it represent an intensification of a program that has always been provided for.

Senator Benidickson: I see. It does not indicate what it is provided for. Then on page 26 there are very substantial amounts relating to Atomic Energy at Glace Bay. The previous estimate amounted to \$115 million and this supplementary estimate is for an additional \$20 million. Could we in due course have a statement as to the amount committed to this project to date? This \$115 million is for the current fiscal year only, isn't it?

Mr. MacDonald: That \$115 million is in reference to the amount provided for a loan vote in the main estimates to Atomic Energy of Canada Limited for various things including Glace Bay. I believe there was an announcement not long ago about the total requirement for Glace Bay. We will get you the information.

Senator Langlois: What is this La Prade heavy water plant?

Hon. Mr. Chrétien: It is in Gentilly.

The Deputy Chairman: Honourable senators, the minister has another appointment that he would like to go to, but Mr. MacDonald is prepared to stay to answer any further questions that senators might have. So is it agreeable to honourable senators that the minister should leave now and we can address our questions to Mr. MacDonald?

Hon. Senators: Agreed.

The Deputy Chairman: Thank you, Mr. Minister.

Senator Benidickson: Then on page 40 there is a reference to a World Exhibitions Program, and the supplementary asked for here seems to be more than the original amount in the main estimates. What is the nature of this program and to whom are the moneys being paid?

Mr. MacDonald: There is an Okinawa Ocean Exposition being sponsored by Japan and this World Exhibitions Association is a small organization that is being kept in being to deal with our involvement in any such exhibitions. It was very active, of course, during Expo '67. But this, as I say, is for the study of the oceans through the means of an exhibition to be held in Okinawa.

Senator Benidickson: In vote 5b, on page 50, under "Indian and Esquimo Affairs Program", there is a substantial amount of over \$17 million to be added to \$273 million in the main estimates. Could we have a little more information on this?

Mr. MacDonald: There are quite a number of items. There is \$500,000 for their funds to assist the Indian organi-

zation in research into their own treaty rights in conjunction with the various claims. There is over \$4 million in addition to be paid to the provinces because they provide education to Indians in their schools. There is another \$4 million to be paid to the Indian band councils. As you may know, the federal government is attempting to transfer responsibilities for operation of programs to Indian bands, and they require assistance, as it were. There is another \$500,000 for increases in the community affairs contract with Newfoundland to provide social services to native people in Newfoundland and Labrador by the provincial government. It is a wide-ranging set of supplementary estimates.

Senator Benidickson: A few weeks ago a lot of publicity was given to an agreement made with Indians in the area of James Bay in the Province of Quebec. As I recollect, it was announced that an agreement had been made with the Indians in this area for a payment of \$150 million in compensation for certain land rights. I remember seeing a picture of Premier Bourrassa and the Indian chief and one or two others, but I did not note that there was any representative of the federal Department of Indian Affairs displayed in this picture. Has the federal government committed itself to pay a portion of this \$150 million compensation?

Mr. MacDonald: That is correct, it has.

Senator Benidickson: Do you know how much, what percentage?

Mr. MacDonald: It is in the \$30 million range. It is a commitment that would arise because of some existing treaties. It is payable over a considerable period of time.

Senator Benidickson: Do you know what term?

Mr. MacDonald: Ten years I believe. This is not included anywhere here.

Senator Benidickson: This follows up what Senator Croll has pointed out, that many departments do not seem to take the opportunity of making it clear that they are participating in an expenditure of this kind in a substantial amount.

Senator Everett: We now have the salary range comparison that the minister tabled. Would that include the bonus that was paid?

Mr. MacDonald: Yes, it would. The \$500 bonus that was paid for the year was paid to all public servants. That becomes part of the salary base.

Senator Everett: It does?

Mr. MacDonald: Yes.

Senator Everett: Is there any movement within the range? In 1972-73 were they on the high side of the mean salaries? Would that matter to the figures?

Mr. MacDonald: I do not think it would.

Senator Everett: In other words, would it weight the figure one way or the other?

Mr. MacDonald: No. They basically tend to about average out at the mean. It will vary from department to department.

Senator Everett: What you are saying is "mean" means "mean"?

Mr. MacDonald: That is right.

Senator Benidickson: In his introductory statement the minister referred to about \$90 million, I think, appropriated for the LIP program.

Mr. MacDonald: Yes, sir.

Senator Benidickson: Where would I find that in the supplementary estimates?

Mr. MacDonald: The Department of Manpower and Immigration.

Senator Benidickson: Which vote?

Mr. MacDonald: There is more than one vote involved. Vote 5b and vote 10b on pages 74 and 75. The administrative costs are carried in vote 5 and the actual contributions to the community projects are carried in vote 10.

The Deputy Chairman: Any further questions? If not, I thank you and your officials very much for appearing before us this morning. As usual we have had forthright answers, and I appreciate that.

Senator Everett: I move that we report the supplementary estimates.

Hon. Senators: Agreed.

Senator Robichaud: Is there any indication when we will meet next?

The Deputy Chairman: This committee, no.

Senator Everett: We will not be meeting now until after the new year, and it will be in respect of Canada Manpower.

Senator Robichaud: Is there a possibility that we might meet at a time when there is no conflict between meetings, and check that in advance?

Senator Everett: This committee has occupied this particular slot in the hearing days of the Senate certainly in the eight years I have been here, and I think probably for 15 or 20 years before that. I do not feel there is any obligation on this committee to move from Thursday.

Senator Robichaud: You think it is the other committees that should co-operate?

Senator Everett: There are more and more committees in the Senate, and they have started to encroach on our time rather than us on theirs. Whether that can be rectified or not, I can sympathise with the administration at a difficult time, but I assure you that the deputy chairman and I would resist very vigorously any attempt to change the day.

Senator Robichaud: I am not asking for that.

Senator Langlois: As you no doubt know, there is a move afoot to create a coordinating agency or clearing-house, which would be composed of myself, the Leader of the Government and the chairmen of the various committees in order to try to coordinate the work of the committees. We invite some opposition members to participate in this. We wish to avoid a conflict such as we have had this morning, with five committees sitting at the same time. Legislatively it is impossible.

Senator Everett: It is impossible.

Senator O'Leary: Especially for us.

Senator Langlois: That is why I want a representative from your side. I have already spoken to your leader about it.

The Deputy Chairman: Does that answer your question for the moment, Senator Robichaud?

Senator Robichaud: Yes.

The committee adjourned.



Government
Publications



FIRST SESSION—THIRTIETH PARLIAMENT

1974

THE SENATE OF CANADA

PROCEEDINGS OF THE

STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

Issue No. 3

THURSDAY, DECEMBER 19, 1974

Supplementary Estimates "C" laid before Parliament
for the fiscal year ending March 31, 1975

REPORT OF THE COMMITTEE

(Witness: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of Proceedings of the Senate of
Wednesday, December 18, 1974:

“With leave of the Senate,

The Honourable Senator Sparrow moved, seconded
by the Honourable Senator Godfrey:

That the Standing Senate Committee on National
Finance be authorized to examine and report upon
the expenditures set out in the Supplementary
Estimates (C) laid before Parliament for the fiscal
year ending the 31st March, 1975.

The question being put on the motion, it was—
Resolved in the affirmative.”

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, December 19, 1974.

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 11.00 a.m. to consider the Supplementary Estimates "C" laid before Parliament for the fiscal year ending March 31, 1975.

Present: The Honourable Senators Sparrow, *Deputy Chairman*; Barrow, Benidickson, Carter, Flynn, Graham, Grosart, Langlois, Neiman and Prowse. (10)

In attendance: Mr. J. H. M. Cocks, Director of Research and Administration.

Heard on behalf of the Department of Energy, Mines and Resources:

The Honourable Donald Macdonald, Minister;
Mr. E. G. Bryant, Chief of Energy Information;
Mr. Maurice Foster, Parliamentary Secretary to the Minister;
Mr. James Lyon, Senior Legal Adviser;
Mr. Neil Stewart, Chairman of Energy Supplies Allocation Board.

Also present but not heard:

Mr. B.A. Macdonald, Assistant Secretary of the Treasury Board Secretariat;
and Mr. Ross Murray also from the Treasury Secretariat.

On motion of the Honourable Senator Langlois, it was agreed to report on the said Supplementary Estimates "C".

At 12.30 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Gérard Lemire,
Clerk of the Committee.

Report of the Committee

Thursday, December 19th, 1974.

The Standing Senate Committee on National Finance to which the Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1975 were referred, has in obedience to the order of reference of Wednesday, December 18th, 1974, examined the said Estimates and reports as follows:

1) In obedience to the foregoing the Committee made an examination of the Supplementary Estimates (C) and heard evidence from the Honourable Donald S. Macdonald, Minister of Energy, Mines and Resources; Mr. M. Foster, Parliamentary Secretary to the Minister; Mr. N. Stewart, Chairman, Energy Supplies Allocation Board; and Mr. M. Bryant of the Department of Energy, Mines and Resources.

2) The Supplementary Estimates (C) total \$366 million and are needed in order to make payments for the restraint of prices of petroleum products to consumers primarily in the Atlantic Provinces, Quebec and that part of Ontario east of the line known as the Ottawa Valley Line. This amount will cover the three months of the New Year from the 1st January to the 31st March, 1975, and will bring the compensation payments for the fiscal year 1974-75 to a total of \$1.165 million. The necessity for this increase has been brought about by the fact that Bill C-32 the Petroleum Administration Act, which had been envisaged being passed by the 1st January, 1975, has now been delayed until the New Year. It was pointed out to your Committee that this total does not include the \$240 million appropriated for the last three months of the fiscal year 1973-1974, i.e. from the 1st January to the 31st March, 1974.

The Minister of Energy, Mines and Resources informed your Committee that there is a surplus balance of over \$200 million from the revenues of the export charge after compensation payments, that to date there has been no charge to general revenue and that it is his objective to continue in this vein if possible.

Respectfully submitted,

H. O. Sparrow,
Deputy Chairman.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, December 19, 1974.

The Standing Senate Committee on National Finance, to which was referred the supplementary estimates (C) laid before Parliament for the fiscal year ending March 31, 1975, met this day at 11 a.m.

Senator Herbert O. Sparrow (*Deputy Chairman*) in the Chair.

The Deputy Chairman: Honourable senators, we are fortunate this morning to have with us the Honourable Donald S. Macdonald and some of his officials from the department to discuss supplementary estimates (C). I would ask Mr. Macdonald to make a few comments at the beginning, before discussion starts. Mr. Macdonald has another meeting to attend and he has requested that once he has made his opening statement and answered an initial question or two he be excused to attend that other meeting. On your behalf I have agreed to that suggestion, and we can then deal with his officials during the remainder of the meeting.

Senator Langlois: We are lucky to have the minister on such short notice.

The Deputy Chairman: We welcome you and your officials, sir.

Hon. Donald S. Macdonald, Minister of Energy, Mines and Resources: Thank you, Mr. Chairman.

Honourable senators, if I may, I should like to make some introductions. First, I have my parliamentary secretary, Mr. Maurice Foster, M.P., who will be participating in the discussion. I also have with me Mr. Jim Lyon, who is legal adviser to the Department of Energy, Mines and Resources; M. M. Bryant, who has been responsible in the Department of Energy, Mines and Resources for running the compensation program; Mr. Gary Vollans, who has also had this responsibility, and who will be joined in a few minutes by Mr. Neil Stewart, who is the chairman of the Energy Supplies Allocation Board to which the responsibility for the compensation program was transferred this fall.

Just by way of introductory remarks, Bill C-45, the appropriation act, will provide for the compensation to be paid to refiners in eastern Canada for the period from the commencement of January, 1975, to the end of the fiscal year, March 31, 1975.

Reviewing the history of the matter, the compensation program has been handled in three separate stages prior to this one. The first stage for the first quarter of 1974 was handled by Appropriation Act, No. 1, 1974.

Senator Benidickson: Was the amount the same at this?

Hon. Mr. Macdonald: No, the amounts varied.

Senator Benidickson: But for that quarter?

Hon. Mr. Macdonald: Vote 11b of Appropriation Act No. 1 was \$240 million.

Senator Benidickson: I want to make this clear. Is that for the same calendar period, the first three months of 1974?

Hon. Mr. Macdonald: The first three months of 1974, and by way of explanation, of course, the impact of the January 1, 1974 oil price increase was not felt fully throughout that quarter; it was sometime into February before the first impact of the higher payments was felt so that the exposure at that time was lower.

It had been intended to replace that arrangement by Bill C-18, which was the Petroleum Administration bill, but that bill died on the Order Paper along with other measures when Parliament was dissolved in May, 1974. Throughout the summer months the compensation was made through Governor General's warrants which subsequently were subsumed under the appropriation act passed this fall. The same appropriation act not only provided for the payments previously made under Governor General's warrants, but it also provided an appropriation up to the end of calendar year 1974—that is to say, up until the end of this month, December, 1974. That was Appropriation Act No. 3 of 1974. In general perspective, all of the compensation for the year 1974 has already been authorized by Parliament, so we are now dealing with the first three months of 1975. Therefore, before the Petroleum Administration Act, as delineated in Bill C-32, comes into existence we will have the means to make compensation payments. By way of parenthesis to that, the important factor on the other side is, of course, to have the statutory authority to collect the tax. Under our constitutional practice, as you know, the ways and means motion preceding Bill C-32 is, in effect, the authority to collect that tax, but it is, of course, subject to ultimate parliamentary enactment of the tax.

Just reviewing the situation, then, with regard to supplementary estimates (A), which were passed by this chamber earlier this year, we have had a payment of \$470 million authorized and an appropriation of that sum authorized under Vote 11A of the supplementary estimates passed this autumn for the Department of Energy, Mines and Resources. Then, because in the middle of autumn the responsibility for this was transferred to the Energy Supplies Allocation Board we had a further sum of \$330 million authorized for disbursement by the Energy Supplies Allocation Board, and through this bill we are authorizing a further \$365 million for disbursement by the Energy Supplies Allocation Board for the first part of 1975, for a total of \$1.65 billion.

Now if I may refer for a moment to the figure involved in the supplementary estimate, the \$365 million, the

amount anticipated for the first quarter of 1975, the amount that will be actually disbursed is anticipated to be \$430 million. On the other hand, we feel that the existing statutory authority will be adequate to fund 13 working days in January, 1975, and at the rate of about \$5 million a day that amounts to \$65 million for which we still have cash on hand, so when \$65 million is subtracted from the anticipated liability of \$430 million, it will leave us with a figure of \$365 million which appears in the supplementary estimates.

Shifting now from the actual amounts, to refer to the manner in which the program has been conducted, what has been paid for during the past year has been under three separate headings—what was referred to under Bill C-18 as “host government take”; secondly, “host government participation,” and, thirdly, the cost of the bunkering resulting from an increase in host government take and host government participation in the shipping of petroleum, particularly from the Persian Gulf to Canada. “Host government take” is a generic term to describe all those different varieties of taxation or return to the producing countries that exist—arrangements made between the producing companies and the producing countries. What we are doing under this measure is not paying for the general increases in the price of oil delivered in Canada; we are only compensating for that part of the increase in the oil delivered to Canada which results from an increase in foreign taxation. For this purpose we have required the companies to submit a claim for compensation on the basis of each shipment as it is landed, and we pay on the lesser of the FOB cost, as it may be from time to time, or if the price, for competitive reasons, has gone down, on the amount in the invoice related to host government takes.

During the period of the year the prices I think have held up although there may have been some instances in which there have been lower costs. I am told that there have been instances where the company's right to receive money has been reduced because of competitive pressure. So, in effect, we have been paying for host government take.

The participation question has been a serious problem for us, and it is a rather obscure concept. What is involved is that over the period of the last several years the host countries have been in the process of taking over the producing industries in those countries. Participation refers to the price at which, having taken over 20 per cent and now with ARAMCO 100 per cent of foreign companies operating in Saudi Arabia, it is the price at which the host government prices its share of the total oil sold which is really an add-on to the total price. It really amounts to an additional payment to the government although, ostensibly, it is through its capital participation in those companies. This has been particularly difficult to nail down because the participation agreements have been almost continuously subject to renegotiation and the setting of the price at which the oil is deemed to have been sold for the purpose of participation has been a matter of negotiation between the companies and the host states, and neither I nor my officials can be definitive at this point as to how substantial the liability for host government participation will be either in this year or in coming years. There is some hope, I think, of the actual price and the taxing arrangements being put on a uniform basis for all OPEC members, but at the moment we are not there. So there is still an element of doubt as to what the ultimate liability will be for host government participation.

It is really because of that contingent quality, because we are not certain ultimately how much Canadian users are going to have to pay to the foreign countries, that we have a margin of a surplus in our tax account as a further cushion against payments that Canadian refineries may, in fact, have to make for additional participation payments.

I am aware, Mr. Chairman, that it is not simple, but that is an introduction to the question. I wonder if there are any specific questions from a broader policy standpoint that I could respond to with more authority, and then the officials accompanying me can respond to questions in detail.

Senator Langlois: Mr. Minister, have you not received complaints from domestic refiners to the effect that independents could import petroleum products at a cost lower than the cost of the host country?

Hon. Mr. Macdonald: There has been that consideration, senator, and in fact the position taken by the government is that the Canadian consumer should be entitled to the effect of cost competition that may be effective on the international market. What happened during the course of the present summer is that there was a surplus of oil developed and the spot prices for oil and oil products internationally dropped off and you have had a far more competitive situation. Going back to the situation that existed about two years ago and before that, when foreign products could be landed at very competitive rates into the Canadian market, the government's choice was really to give to the Canadian customer the benefit of this competition that exists between products refined in Canada and products refined abroad. We think it is marginal competition, that it is healthy to have this kind of competition in the retail gasoline and retail fuel oil trade.

Basically, I would say we have tried to run the compensation program as between products and raw crude oil on a neutral basis, so that it did not provide a hidden tariff protection to the Canadian refineries. We are trying to put the program in the same position in the Canadian economy as these particular participants were before the dramatic changes in oil price several years ago. There has been some difficulty in carrying this out, but I think, on the whole, we have tried to run a neutral system in terms of competition. Therefore, with regard to Canadian refiners versus some of the independents, we think this competitive situation is roughly what it would have been if we had not had all these changes in the international scene.

Senator Langlois: What about news reports to the effect that some of our domestic refineries had to stop their production in the face of this stiff competition? Were they exact?

Hon. Mr. Macdonald: We do not believe so. There are really only two refiners complaining about this. There was Golden Eagle at St. Romould, and the Point Tupper refinery of Gulf Oil. I think the two situations are slightly different. Part of the Point Tupper capacity of Gulf Oil was built in there expressly for re-export of very crude oil to the United States east coast market, and because of the drop in international prices for product during the summer, the Gulf parent company chose to buy from the Caribbean refinery rather than from its own refinery in Canada. For these reasons Gulf Canada was left with a surplus of heavy oil on hand, and they said, “Look, you are either going to have to give us a further cut of the Canadian market or we are going to close the refinery down.”

They did not succeed in selling some of their heavy fuel to some Canadian users, and they have not shut down.

The case of Golden Eagle is a little different. That is essentially a topping refinery, producing a lot of so-called heavy ends of the barrel, partly for re-export, but also for the Canadian market. There is no doubt about the fact that they have had fairly stiff competition from Caribbean heavy fuel oil, and they closed the refinery. We think it was for the annual refinery refit that they closed it, and our information is that they are back in operation. These guys are great negotiators, as we can see from the current tax measures: they are instantly "about to go out of business and abandon hundreds of millions of dollars in investment unless you change the tariff by two percentage points"; so I think an important part of dealing with the petroleum business is to have a few grains of salt around to put on these particular heads.

Senator Grosart: Mr. Minister, we should thank you for coming here this morning. I may have been responsible for your presence here, to some extent.

The first question I would like to ask is, can you give us some information about the balance between the revenues from the petroleum export charge and the compensation payments?

Hon. Mr. Macdonald: It will have to be in rough terms. I think the last time we talked about it there was a surplus of about \$200 million—that is, in the tax account, over the liabilities in the compensation account.

Mr. E. G. Bryant, Chief, Energy Resource Information Division, Department of Energy, Mines and Resources: That is correct, sir.

Mr. Chairman, this relationship between the export tax and the compensation amounts is really a function of three things: it is a function of the volumes of imports; it is a function of the volumes of exports; and it is a function of the level of the export tax. What one has to do, of course, is to make an estimate of what the export volumes will be during this period and at what level the export tax will operate, and that of itself is a function of international prices. We have made these calculations also estimating the import volumes, and the approximate amount of the surplus in the quarter, as the minister says, is approximately \$207 million.

Senator Grosart: Can we say, then, Mr. Minister, that it is the policy to maintain either a balance or a surplus in the revenue fund of petroleum export charges so that in this program there will be no charge on the general revenue?

Hon. Mr. Macdonald: That certainly is the objective, senator. The disposition of the surplus is slightly indeterminate, because of the uncertainty, as I mentioned, in the ultimate liability of the Canadian refiners for participation payments. If that liability clarifies, and we can be more clear on it, then we may be faced with another situation as we move into the next year. That is, if Canadian exports of crude oil to the United States move substantially below the level of 800,000 barrels a day we would be faced with the problem of moving into general revenue.

At this point I cannot really tell you what the disposition of the matter will be by mid-year. This is clearly a question for discussion and negotiation with the ten provincial premiers and the federal government, (a) with regard to the oil price, and (b) the level at which the price therefor

will be set nationally for Canada, which will determine to a degree the potential exposure of the Canadian general revenue for further compensation. Certainly, the current order of exposure of over \$1,600 million a year is something we cannot throw totally on to general revenue.

Senator Grosart: Yes. Is the total program \$1.165 billion at the moment?

Hon. Mr. Macdonald: That is what is authorized up to this point. On a full year basis I think it would be closer to \$1.3 billion.

Senator Grosart: As you see it now, would you say that it is likely that there will be no charge on the general revenue?

Hon. Mr. Macdonald: I think I can say that for 1975 there will not be. Somebody was asking me in telephone interview to make a prediction as to the energy scene in the 15- to 20-year time frame. I said that I found that in the last year this had shortened to bring any predictions down to a 15- or 20-week time frame. Someone who was listening said, "It's really shortened down to a 15- to 20-minute time frame!" So it is always difficult to make predictions. The predictions one would have made about the international oil scene a year and a half ago would be totally inappropriate now. I think, however, in 1975 the general revenue will be protected against that, but this will depend, among other things, on the level of our exports.

Senator Grosart: What is the status of the energy supply allocation board? Perhaps I can make my question a little clearer. My assumption is that the act that was intended to set it up has not passed Parliament, so it is really a crown corporation created under an appropriations bill.

Hon. Mr. Macdonald: That is not right, senator. The act to create the Energy Supplies Allocation Board was passed just about this time last year. It was the Energy Supplies Emergency Act. It provided for the creation of the board, and it had two additional parts, for use in the event of an interruption by off shore political action, for further proclamations to give mandatory powers to allocate. But the bill did create the board, and by an appropriation earlier this year we have put sums into the board to allow it to operate, so it has got the responsibility.

Senator Benidickson: That was really supplementary estimates (B), was it not?

Hon. Mr. Macdonald: Supplementary estimates (B). Nine hundred thousand dollars. Right, senator.

Senator Benidickson: It seems to me that we got some evidence that the board was not functioning, but that the bodies were still needed for other work in the department.

Hon. Mr. Macdonald: No. The board is functioning and, indeed, has been preparing long-range energy interruption plans. It has been responsible for developing these and has been functioning. We have also given it the responsibility of monitoring this compensation program; that is, monitoring the companies' accounts, and secondly, also, monitoring the extent to which, in their wholesale pricing policies, the companies have been honouring their undertakings.

Senator Grosart: A final question, Mr. Minister. What is the status of the regulations or guidelines—I believe you have both now—governing the handling of this very large fund?

Hon. Mr. Macdonald: Senator, this is one of the confusing situations. I referred to the administration up to the end of 1974 as having been handled in three parts. There was the first set of regulations under Appropriations Act No. 1 of 1974, which provided for the administration. In the second segment—that is, the parts of the administration program that are dealt with by Governor General's warrant—there is no authority under the Governor General's warrants to enact regulations in the legal sense, so what the government did was to issue guidelines, which have all the qualities of a regulation but are not formally so. Those guidelines, which are virtually identical, or substantially identical, with the previous regulations, were followed while the payments were made under the warrants.

The second set of regulations—or a third set, if you like of regulatory instructions—were issued under the Appropriation Act No. 3 for 1974, and the intention would be, if this bill is enacted, to issue a further set of regulations to enable the detailed carrying out in the first three months of 1975. We are currently operating under regulations under Appropriation Act No. 3, Privy Council 1974, 2419.

Senator Grosart: Is there a difference between the original Bill C-18 and Bill C-32?

Hon. Mr. Macdonald: Yes, there is. One of the critical differences involved there, apart from the fact that the situation of natural gas is included in C-32 whereas it was not in C-18, is that the definitions of host government take and host government participation, we felt, were in danger of becoming obsolete because of the rapid changes in the public law of the producing states. Instead of having, in effect, an unlimited sum of money available to compensate for certain specific categories, we have authorized, or the appropriation acts would seek to authorize, the Allocation Board to administer a defined sum of money, but to meet the general objectives. The lawyers felt it could be argued that, for example, the Venezuelan hydro-carbons law or the Venezuelan harbour dredging law was not really host government take in the narrow definition.

However, it is all added into the price of oil, and if the Venezuelans decided to take a big jump by socking a dredging fee on the Canadian refiner, he is paying an additional tax to the foreign government. We have taken out the restrictive definitions, but at the same time put a ring around the Allocation Board by stipulating the amounts.

Senator Langlois: I have a supplementary question on the function of the Allocation Board. If I understood you correctly, you stated in the house the other day that the accounting was entrusted to the Auditor General. Is this a temporary arrangement because your board is not as yet fully on stream, to use the expression of the industry?

Hon. Mr. Macdonald: No, senator. In effect, in the first administration of the companies' claims the payment is entrusted to the Allocation Board, as it was handled previously by the department. The first examination of the accounts in payment is made by the board itself. In this respect, I would say the board is in full operation within its rather limited responsibilities at this point. The bringing in of the Auditor General under the Financial Administration Act was really to have a further scrutiny of the way in which this administration operated so that the Auditor General could make periodic reports to Parliament. In effect, he is auditing on a continuing basis what the board is doing. As a matter of interest, I think we have a report prepared, or soon will have, on the early adminis-

tration of 1974, which will be laid before this house and the other place.

Mr. Bryant: The Auditor General has in fact reported in his main report on the first six month's performance of the program. That was in his main report, which was tabled some weeks ago.

Hon. Mr. Macdonald: Reaching to the substance of it, we felt it would be useful to have a hard-nosed second look at the accounting involved. Because we are dealing with an area of accounting which is almost in a class by itself, oil company accounting, we also retained, for our own benefit and to augment the efforts of the Auditor General, a firm of private outside auditors who are familiar with the intricacies of the petroleum business.

Senator Langlois: In your statement to the house you also made reference to the new tax passed by OPEC; you said the effect of this tax would be felt in this country only later on in the year, and you mentioned some time in the spring. What is the reason for that?

Hon. Mr. Macdonald: In February. This is subject to correction, but I think the tax comes into effect on January 1, 1975, so that there will be cargoes already at sea which will not yet have to bear the tax. We are talking about a 40- or 50-day movement from the Gulf, so it will be about mid-February before the first cargoes that are shipped after January 1 will start coming into Canadian refiners. In that sense, then, their costs of crude will not go up until they receive these additional shipments. It is in that sense that I was referring to the immediate impact. It will not be felt by Canadian refiners immediately. Indeed, if they came in and said, "Look, it's January 2. As you know, the OPEC taxes just went up yesterday," we would throw them out of the office, because we know very well they have not yet had to pay that on the oil already at sea.

The Deputy Chairman: If there are any questions we could leave for the officials, I would appreciate honourable senators doing that.

Senator Carter: Mr. Minister, I think you answered part of my question, in a sense, in reply to Senator Grosart, but I am not quite sure. I understand these producing countries have what is called a posted price, which is a sort of general price but not necessarily the price the companies pay—they get various kinds of discounts and so on. Are the subsidies in Eastern Canada based on the posted price or are they based on the actual price, and how can you possibly determine the actual price?

Hon. Mr. Macdonald: It is not easy. I think I would have to say that there are more intricacies to, particularly, Persian or Arabian Gulf pricing than there are to almost any other enterprise you could think of. No, we do not pay on the posted price. We hope we are in a position to be able to look through the system and determine from the price f.o.b. Ras Tanura and Kharg Island in the Gulf, what portion of that price is represented by host government taxation, and then what percentage of that host government taxation represents tax increases that have occurred effective January 1, 1974. I believe the posted price is the tax reference price.

Mr. Bryant: Yes. If the committee wishes, I could expand on the principles involved.

Hon. Mr. Macdonald: The posted price alone does not determine it. It is an attempt to look to the substance. If

you look at the cost for a barrel and determine how much of that barrel is paid, by whatever kind of fancy taxation law, to the host government for its barrel of oil and then what portion of it is related to tax increases since January 1.

Senator Carter: It is a difficult operation, I would think.

Hon. Mr. Macdonald: It is indeed.

Senator Carter: Is this sum of money that we have here, \$365 million, predicated on the assumption that there will be no change in oil prices for the next three months?

Hon. Mr. Macdonald: It is predicated on the assumption that there will not be in the first three months of 1975. It may be a matter of some debate as to what will happen after March 31, 1975.

Senator Carter: I was just wondering. Are you monitoring consumption? Is our rate of consumption becoming stabilized, is it increasing, is it continuing at the same rate of increase, or are we slowing it down?

Hon. Mr. Macdonald: We are keeping track of consumption. Partly because of the effect of this program, consumption in Canada has not been subject to the same braking effect, for example, that consumption has in Europe. In Europe they have had to take in the full additional \$5 a barrel, and the result is that the higher price has exercised a restraint on use. Because of our success in keeping the price down to Canadians they have not been under the same pressures. I might say that we are proposing to bring forward at government levels a general program to encourage Canadians to change their habits in energy use, not just in petroleum but in all energy use, over the longer run, so that a smaller percentage of our gross national earnings can go into energy investments. Consumption at the moment in Canada has been running, I would say, at approximately the same level as it has traditionally run during the last 12 or 15 years. However, I do not know that we have a very precise fix on this.

Senator Prowse: This does not take into account any federal tax there may be imposed on the manufacture or processing of these oils?

Hon. Mr. Macdonald: It does not, no.

Senator Prowse: Are fuel oils subject to a sales tax?

Hon. Mr. Macdonald: The manufacturers level sales tax, that is right.

Senator Prowse: They pay the same sales tax as everyone else?

Hon. Mr. Macdonald: That is correct.

Senator Prowse: The provinces all impose different gasoline taxes.

Hon. Mr. Macdonald: That is correct.

Senator Prowse: For instance, if a person is subject to a 23-cent tax and someone else to an 18-cent, they receive the same benefit out of this, regardless of the differential in taxation?

Hon. Mr. Macdonald: This program, senator, if we can look at it conceptually, is administered at the refinery inlet level. It attempts to compensate for foreign business tax on each barrel as it comes off the ship and into the refinery at the first stage. Whatever happens thereafter in terms of

individual provincial tax, or manufacturers' sales tax, is taken into account by ourselves in monitoring the program to check whether the companies are picking off a little more than they should. In effect, however, we do not interfere with the taxation.

Senator Prowse: I am a little interested, because I believe it is my money that is being spent here.

Hon. Mr. Macdonald: Yes.

Senator Prowse: If at the prices which exist a provincial government feels that it can add a tax, to gasoline in particular, which I believe in every case is greater than the price of that gasoline at the refinery pump, does it not become a question of whether those people really need the subsidy that comes, as has been stated, from what was normally considered to be the income of a particular province?

Hon. Mr. Macdonald: I think it is a fair argument; it is an argument within the context...

Senator Prowse: It is an argument you will be getting.

Hon. Mr. Macdonald: It is an argument I have been getting, yes, and, in effect, you look at it subject to some general variations, such as the retail sales tax on gasoline, because I believe that with one exception there is no sales tax on fuel oil anywhere.

Senator Prowse: No.

Hon. Mr. Macdonald: If you stationed yourself in Edmonton and looked east, you would see that the farther east you go the higher the retail sales taxes become. This is, I think, related to the taxation resources of particular provinces. As you move east, particularly into the Atlantic provinces, you reach a situation in which there is not the same breadth of taxation resources as is to be found in Ontario, for example. Therefore, more of the tax return inclines to be derived at retail tax levels, rather than from corporate or individual income tax.

In that sense you can say, as an Albertan, that you would be entitled to say that if others would reduce their retail sales taxes at the gas pumps they would not need the subsidy. I suppose, however, I must say in that regard that that was one of the assumptions made by the producing provinces when they sawed off a deal with the federal government and the other provinces that they would not make that objection. However, I may hear it again.

Senator Prowse: That is really a change in the basic rules. One of the things I noticed in reading a fairly large volume on the principles of oil pricing is that the OPEC nations, in establishing it, take the actual value that is returned by a barrel of oil when it arrives at the ultimate consumer. They add every tax and every profit by everyone who handles it from the moment they let go of it, at price "X", to the point at which the ultimate consumer receives it at price "Y". I think we are going to have to take a look at something similar in order to get a fair estimate of whether or not we are pricing the thing properly.

Hon. Mr. Macdonald: I would not presume to give anyone any advice in this regard. It seems to me that if I were in the position of Alberta at the next First Ministers Conference on Oil Pricing, this is the question that I would want to put—if I may say so, not so much to the federal representative as to the Eastern provinces. I am not trying to start any argument. Let me answer your question this

way: I would acknowledge that there is a parallel between the two situations.

Senator Benidickson: My questions are fairly general. You indicated, Mr. Minister, that for the first quarter of 1974, which would be in the fiscal year 1973-74, there was an appropriation bill for this purpose, basically for the restraint of prices of petroleum products to consumers primarily in the Atlantic provinces, Quebec and that part of Ontario east of the line known as the Ottawa Valley line, in the amount of \$240 million. Then we start a new fiscal year, 1974-75. Including this item for the last quarter of this fiscal year, amounting to \$365 million, what will be the total bill for this type of estimate for the current fiscal year?

Hon. Mr. Macdonald: For the current fiscal year, as I calculate it—Mr. Bryant can correct me—it will be \$1,165,000,000, to which you would then add \$240 million for the last quarter of the previous one. Have I got that correctly?

Mr. Bryant: The appropriation is \$1.265 billion. The expenditures will be \$1.25 billion.

Senator Benidickson: Very close. We had, in so far as general taxation on the industry is concerned, a proposal in the May budget that federally certain taxes would be imposed. There was, of course, an outcry following the imposition of the new taxation. That budget was defeated. Then a new budget was introduced on November 18. As I recall it, the Minister of Finance said that in a general way he had withdrawn from federal taxation proposals roughly to the extent of 25 per cent. Are officials of your department in a position to say what that withdrawal in dollars would amount to in the 12-month period, as we see it at the moment?

Hon. Mr. Macdonald: I know the Minister of Finance has said it to me. I am trying to resurrect the figure for the petroleum industry. It is partly obscured by the fact that hard rock mining was included in those figures. Perhaps I can get those for you from Mr. Turner. I cannot remember them offhand.

Senator Benidickson: At the same time, when Mr. Turner made his budget address on November 18, he suggested that if the provinces did something similar he thought it would make the continuation of the industry viable. Now, after the federal-provincial meeting of natural resource ministers and yourself, the Province of Alberta indicated that it would make certain withdrawals from previously posted taxation levels.

I am a little confused as to the value of that in a 12-month period. I have with me the *Toronto Globe and Mail* of Friday, December 13, which refers to a press release from Mr. Poyen, the President of the Canadian Petroleum Association. It reads:

Commenting on Alberta Premier Peter Lougheed's plan to rebate to oil companies about \$130 million the province will receive next year from Ottawa in non-deductible royalties, Mr. Poyen said "it's a step in the right direction."

In the *Ottawa Journal* of December 13, apparently in relation to the same press conference with Mr. Poyen, it says:

The Alberta action is expected to reduce the provincial petroleum industry's tax load by \$250 million to \$300 million in 1975.

Both figures, presumably, relate to a calendar year. Have you made any assessment as to the value of Alberta's announced tax reduction for a calendar year?

Hon. Mr. Macdonald: You are asking me that question just at the wrong time in the week, senator, for me to be definitive in answering it. In fact, Mr. Turner and I are to meet with a number of the major producers this afternoon for the purpose of comparing figures in this regard. As a result of that meeting, we hope to get a reading of what it is worth to them in terms of exploration.

To express it in another way—this, again, is a rough cut and is an aggregate and, in fact, these figures may vary with individual firms—we have calculated, within the department, that the present taxation regime, taking into account the Alberta changes, will yield 19 per cent of net revenue to the federal government; 36 per cent net revenue would remain in corporate hands; and about 45 per cent would go to the provincial treasury. I suppose the next thing is to ask someone what the net revenue is in the industry. Again, it is difficult to do that, because that does not take into account the Saskatchewan production.

Senator Prowse: Not by the time their accountants get rid of it.

Hon. Mr. Macdonald: That is one of our problems. That is why we want to sit down and meet with them this afternoon. There are still certain rather gloomy statements coming from the industry. We feel there is sufficient financial room for them to operate quite well.

Senator Prowse: Be sure to check your pocketbook before you go into the room!

Senator Benidickson: I had occasion to be in Washington last week and, while there, attended two luncheons. In attendance at those luncheons, in aggregate, were about 20 members of the House of Representatives and the Senate. A number of them, in light of the present climate, of course, were quite critical of our method of pricing in so far as export oil to the United States is concerned. Since returning, I have learned that Senator Jackson has made a statement, the effect of which was that he felt Canadians were simply charging the world price and there was nothing about that of which one would normally complain. He, of course, is a very prominent senator. Unfortunately, I do not have that clipping with me. Would you care to comment on that at all?

Hon. Mr. Macdonald: I am not unfamiliar with the statement, senator.

Senator Benidickson: Perhaps you could put on the record what you feel he said.

Hon. Mr. Macdonald: What he said was that not only are Canadians charging the world price, but Canadians are charging the equivalent of the price which some American producers of new oil are charging other Americans. They have a rather confusing oil pricing situation in the United States in that old oil is price controlled but new oil is not. Senator Jackson remarked that he did not find it inequitable at all that we should seek to get a return on our oil equivalent to that which the administration was allowing some American producers to get for new oil.

I must say, I had the advantage of discussing this with Senator Jackson about a month or so ago, and he, I think,

as a politician, appreciated the situation were we to say to Canadian producers, "Look, while American producers of oil are getting the equivalent of the world price for their oil, the Canadian producers selling to the American market cannot." Senator Jackson, being experienced in the political field, recognized that right away.

Senator Benidickson: Mr. Minister, you can appreciate that I have not yet written to extend my thanks to a number who were courteous to me last week. I am grateful for your comments, because I propose to send copies of the proceedings this morning to some American friends I met who were a bit critical.

Hon. Mr. Macdonald: I must say that I was grateful to the senator for his comment as well.

Senator Prowse: The fact of the matter is that the tax collected is collected from the oil companies and not from the province. That is correct, isn't it?

Hon. Mr. Macdonald: That is accurate in the purely formal sense that one could say that, perhaps, if it had not been collected by export tax, the province might have moved in by some kind of taxation regime and picked it up.

Senator Prowse: Or might not have.

Hon. Mr. Macdonald: Or might not have. If I may just make a point on this, there has been a great deal of misunderstanding on this in the United States press and at the legislative level. The proposition is that the price has gone up to Americans not because of the oil export tax; rather the oil report tax has gone up because the price has gone up. The first step in the matter is to determine what is a just and reasonable price of Canadian oil selling in the United States market. The National Energy Board has always had that responsibility. It has made this determination that Canadian oil should get, in effect, competitive prices.

We are then in the situation in Canada where this revenue comes back and it is really a question among Canadians as to where the revenue goes. Does it go to the industry? Would it go to the producing provinces or would it go as, in fact, it is now going, in this national oil deal of subsidizing eastern Canada? So I said to the Americans, "Really, you should not be talking about our oil export tax. That is really a decision among Canadians as to how the benefits of the sales proceeds are distributed among Canadians." I say to them that what they should really be doing is trying to give a persuasive argument to us, and against the argument put by Senator Jackson, as to why we should sell our oil lower to them than they are prepared to pay their own producers.

Senator Prowse: The fact is that over a period of years Canadian oil has been going to the American market at about ten cents a barrel less than the American suppliers' and other offshore suppliers'. Is that not correct?

Hon. Mr. Macdonald: That is correct, senator. Indeed, one could argue, and I am rapidly getting beyond my depth here—

Senator Prowse: You are a tall man.

Hon. Mr. Macdonald: It is a deep stream, a deep and turgid stream. But one could argue that, indeed, there was more than a ten-cent loss there, because there are premium qualities to Alberta oil which were probably not fully recognized in the pre-September 1973 pricing regime.

Senator Prowse: I have always understood that it was a good principle in figuring out government financing never to tie an expenditure to a tax. The moment you do that, you lose a certain amount of liberty to be in control of your own expenditures. Do you not think it would be an awfully good thing for those of us trying to get friends for ourselves in Alberta if you quit letting anybody equate the amount of money being used to subsidize oil prices in other parts of the country with the amount of money you get from what a lot of people in Alberta will say is "my oil"?

Hon. Mr. Macdonald: It certainly would be desirable to do that, but it is perhaps a little difficult to separate the two.

Senator Prowse: Maybe it is just a little dishonest.

Senator Langlois: Mr. Chairman, for better understanding of the Jackson statement to which the minister referred, what is meant by "new oil" in the context of this American pricing system?

Hon. Mr. Macdonald: I think what is most obviously meant by "new oil", if one can define a factual situation, is that after a given date if a drilling program is carried out in the field and a series of wells is brought into production which was not previously in production, then that is really new oil to the United States national inventory. That quite clearly is new oil.

Senator Prowse: You cannot plug one well and drill a new one and say that that is new oil.

Hon. Mr. Macdonald: As you know, the quality of the shell game here—and I am not referring to any corporate group—the quality of the shell game is really quite complicated. One of the arguments, the marginally difficult arguments, is where you have a flooding program in a field. Query: Is oil, which theoretically would not have been produced before the water flood, therefore new oil? And should it be entitled to the new oil price, or should its price be frozen at the old oil price? While we have been able in Canada to administer what we think has been a fairly effective price control program at the wholesale level with about two dozen good men and true, the federal energy administration in the United States numbers thousands of people, because they have all these varieties of complicated situations—whether secondary recovery and tertiary recovery is new oil or old oil. Senator, it is a great place for a young man starting off legal practice.

The Deputy Chairman: Honourable senators, if you have other questions, perhaps Mr. Foster could answer them. I think we should let the minister go now since he has another meeting to attend.

Senator Carter: Just before the minister leaves, could I ask him one question? Did he see the television program "The Great Debate" with Tommy Douglas the other night?

Hon. Mr. Macdonald: No, I did not see that; I missed it.

Mr. Chairman, honourable senators, thank you for your courtesy.

The Deputy Chairman: Honourable senators, we have with us as well this morning Mr. Bruce MacDonald and Mr. Ross Murray from Treasury Board who are kind enough to sit in with us. I am not suggesting that questions should be directed to them, but we invited them to be here just in case.

Any further questions can be directed to Mr. Foster, who is Parliamentary Secretary to the Minister—and, of course, you have met Mr. Bryant before.

Senator Grosart: Has Alberta asked for retroactive consumer equalization of price due to the Ontario manufacturing resource in automobiles?

Mr. Maurice Foster, M.P. Parliamentary Secretary to the Minister of Energy, Mines and Resources: I am afraid you are a little out of my depth here. Perhaps Mr. Bryant can answer.

Mr. Bryant: I am sorry, but I cannot respond. Perhaps you could make the point a little clearer.

Senator Grosart: Alberta would appear to have a good argument because they have suddenly come up with a resource that all Canadians want and the federal government has decided to equalize consumer prices to some extent. Alberta might reasonably argue that this has not happened over all the years when Ontario had a particular resource and they were paying \$200 to \$300 more for an automobile than they could get it by driving ten miles over the line.

Senator Prowse: It was \$1,000 a year for the privilege of calling yourself Canadian.

The Deputy Chairman: Senator Grosart, may I ask if you are asking if they have raised that as an argument?

Senator Grosart: Yes.

Mr. Foster: Well, I lived in the west for several years myself and I know that as individuals we often raised that argument when I lived there. I cannot say if the context of this legislation or any recent development this has been put forward as a formal proposal, but I think that when we are looking at the compensation program and the equalization program across the country we must keep in mind that the idea of equalizing prices across the country or the federal government's injecting itself into this pricing arrangement is not entirely new. For instance, in the national oil policy established back in the early 1960s, a higher price was established by a dollar or a dollar-and-a-quarter a barrel to users in Ontario west of the Ottawa Valley line. I think that was a good policy, and, surely, this phasing in of a higher price under Bill C-32 is a good policy too in the national view of things.

Senator Prowse: But was that price not related to the cost of Canadian crude delivered in the Chicago area? The Canadian price set for west of the Ottawa Valley line was related, according to the oil companies that I talked to at the time, to what it would cost to meet competition in the Chicago and Detroit refinery areas.

Mr. Bryant: I think your viewpoint is correct in principle, senator. The price at that time, following the establishment of the national oil policy in the early 1960s, was a price related to crude oil prices in the North American market, and was a price which it was hoped would help the Canadian oil industry to establish itself and to consolidate its position. So the price was in that framework rather than in an international framework, while at the same time the international price was not denied to the eastern provinces and to Quebec.

Senator Prowse: And the delivered price of offshore oil in Montreal was 10 cents higher than it was estimated

would be the cost to deliver Alberta crude into the Montreal market, making an allowance for transportation costs at the price being paid east of the Ottawa Valley line.

Mr. Bryant: Over roughly a period of a decade, I would think, there was an average differential between the landed cost of offshore oil in Montreal and the landed cost of Canadian oil in Toronto of at least 75 cents a barrel. In other words, the imported oil during those years was very much cheaper, so that Ontario was paying that differential, as compared to imported oil.

Senator Prowse: That does not take into account the cost of transporting the oil from Montreal to Toronto, does it?

Mr. Bryant: Which would be reckoned in the range of perhaps 15 to 25 cents per barrel.

Senator Prowse: We started with a dollar-and-a-quarter a year, somewhere; then we got it down to 75 cents, and now we have it down to 50 cents.

Mr. Foster: You are talking about the long range there. At any one specific time it might have been higher.

Mr. Bryant: And quality differentials, as the minister observed earlier, are an important factor.

Senator Prowse: I am interested in establishing some facts, which are not quite in accordance with some statements that are being made as to what has gone on over a period of years.

Mr. Foster: I think we are agreed that this policy was a good one for the development of the petroleum industry in Canada.

Senator Prowse: Yes, and it was engineered by agreement with the oil companies, and not with the provinces.

Mr. Foster: Yes, but the federal government established this regime in an interprovincial way.

Senator Prowse: On advice from our friendly oil companies.

Senator Grosart: I wonder if I could ask this question. We all recognize that this present method of dealing with the current petroleum products program by appropriation acts, and this bill, are interim measures. Could anybody give us a description of the picture as it will be when Bill C-32 is passed, say more or less in its present form? Obviously we will then be under an act of Parliament rather than under an appropriation bill. Well, appropriation bills are acts of Parliament, but a specific act of Parliament dealing with the petroleum program. Will there be any change from the interim situation?

Mr. Foster: I think, in a general framework, it will be similar to what is happening now. Would you want to go into any detail on this, Mr. Bryant?

Mr. Bryant: Perhaps you would like to call Mr. Lyon to the table.

Senator Grosart: Is there anything in Bill C-32 which would change the present complexion of the petroleum products program?

Mr. Foster: Are you talking about crude oil?

Senator Grosart: The whole program of consumer equalization prices.

Mr. Bryant: Technically, sir, there is a difference, and the difference addresses itself from the technical point of view of the compensation amount, principally to the idea that the Middle East crude prices are going to be differently structured. There was a meeting between the OPEC nations in Vienna on December 13 which arrived at the conclusion that from January 1 the prices would be differently structured. The decision that they came to was anticipated and was included as a general framework in Bill C-32. So that is a principal technical difference which arises in C-32 as compared to the previous structuring of the compensation program.

Senator Grosart: Will Bill C-32 in any way alter the general tenor of the present regulations?

Mr. Bryant: Only in that one significant way. There are other technical differences, but the general tenor remains the same as in the previous regimes.

Senator Grosart: I think there was a statement that there was a very fundamental difference between the approach to the regulations in Bill C-18 of last session and those in Bill C-32.

Mr. Foster: There was a formula set out in Bill C-18 for calculating the host government take and the host government participation, and the tanker-bunker charges, whereas under Bill C-32 this is done by regulation, to identify these several areas.

One other aspect that is different is that there is provision, in the event of an embargo or a blockage such as we had last year, for providing compensation for moving oil through the Panama Canal. However, this has to be done on an open basis, so that it is available to all on an equal basis.

Mr. James T. Lyon, Senior Adviser, Legal Branch, Department of Energy, Mines and Resources: Mr. Foster and Mr. Bryant have basically stated the changes that could be introduced by Bill C-32 when it becomes law. The current regulations have followed in their direction the narrow discretions set out in Bill C-18. The whole program, as the minister indicated earlier, is in response to factors that cannot be controlled from Canada; there are foreign governments dealing with their own laws and their own resources. The narrow categories that we have had in the current regulations—and I use the word “regulations” to cover the three schemes we have had so far, which are all fairly similar—will not provide for some kinds of tax that are imposed.

The minister referred to, for example, the Venezuelan bar toll. This does not fit, in my reading of the current definition of “host government take,” as a charge on all ships passing; it is not a tax on the extraction of oil. This, it is argued strongly by many people, is inequitable, and it may indeed be inequitable. We have taken, in drafting Bill C-32, rather a wide frame of reference to allow discretion to people with expert knowledge to provide for this kind of anomalous situation, which cannot be foreseen. To that extent the authorizing clauses of Bill C-32 do give greater discretion to the board to include or exclude elements which previously were rigidly contained.

As a balance to that it has been proposed that, instead of giving a statutory appropriation of funds, as in Bill C-18, there will be provision only for budgetary appropriation of funds, so that Parliament will, each time money is made available, balance its lack of direct control of the elements of compensation with a tighter grasp of the purse strings. I

do not know the extent one wants to get into technical changes. There are technical changes in the regulations. One is the question of east-west, and presumably west-east, shipments in the winter and so on. I think that is basically it.

Senator Benidickson: It seems to me I have read protests from Alberta, when they compare dealing with their petroleum resource with federal action when we have found another natural resource. They have said that we did not interfere with world prices in the case of the finding of uranium in Ontario. Mr. Foster would be an expert on the uranium resource, coming from Algoma East. However, I will not pursue that. They do raise the question that we have left the pricing of uranium to world-wide price setting, and it is not a source where we would interfere with its delivery or its pricing.

Mr. Foster: At this stage in Canada, fortunately, in the generation of electricity from uranium we have been at the very low market price of something like \$4, \$5 or \$6 a pound. During the past year that has escalated. It seems conceivable to me that some time in the future we might be in a similar kind of position if there are terrific shortages in the world, and the utilities will face a tremendous escalation of price. Of course, there is one great difference there, which is that under the uranium guidelines introduced by the government on September 4 this year utilities have to contract forward, I believe it is 15 years, for their supplies. It is a much more long-term kind of arrangement; with utilities establishing plants and deciding to do it today, they probably take seven or eight years to come on stream, so there is this long contracting forward.

Senator Carter: But is it not true that if the price of a pound of uranium were doubled or tripled it would not have the same impact on the price of electricity generated from it as would be the effect of doubling or tripling the price of oil?

Senator Prowse: We are not selling a million barrels per day, which is what makes a difference.

Mr. Foster: In the equivalent energy it is apparently in the order of 33 barrels of oil to one pound of uranium. Therefore, if the price of a barrel of oil increased by a dollar, as it has in the past year, or more than that, and, as you know, the price of uranium today is in the order of \$12 to \$15 per pound range, it is very difficult to compare commodities.

Senator Grosart: Unless you enrich it.

Mr. Foster: Yes.

Senator Carter: What is the cost of production in Canada today of a barrel of oil, and how does it compare to the period before the Arabs went into action in the last two years?

Mr. Bryant: The technical cost of production has not significantly changed for those western sedimentary reserves which are currently being exploited. However, figured into the cost of oil is the cost of protecting the future by exploring for future reserves. That exploration for future reserves of conventional oil is taking place in the frontier regions of the Arctic and the offshore areas, in which the cost of exploration is very significantly greater.

Additional to the exploration in the frontier areas is the thrust of exploitation of the very large tar sands reserves. I suppose the committee must be aware from recent newspa-

per reports of the problems being encountered by the consortiums which had been expected to get into the exploitation of those tar sands reserves. Shell Canada, for example, had previously estimated its 120,000-barrel-per-day plant to cost something in the order of three-quarters of a billion dollars. The current estimated cost of that 120,000-barrel-per-day plant is \$2 billion.

Senator Benidickson: What was the date of the \$750-million estimate, approximately?

Mr. Bryant: This would have been two years ago.

Senator Carter: But I asked for the actual cost per barrel. Is it \$2, \$4, \$5?

Senator Prowse: It cannot be fixed in figures. The companies were making money at \$3 and \$2.75.

The Deputy Chairman: Mr. Bryant, would you have a rough estimate of the cost of extracting a barrel of oil?

Senator Langlois: Including the cost of protecting the reserves.

Senator Prowse: You could give us the price before all this change took place.

Mr. Bryant: I would expect that to be in the order of 50 cents per barrel on conventional oil, without including the cost of future expensive exploration for reserves protection.

Mr. Foster: That is the lifting charge.

Mr. Bryant: Yes, the lifting cost.

Senator Grosart: I believe Senator Carter is inquiring as to the difference in the sales cost. In other words, by what percentage has the oil crisis increased the Canadian price per barrel?

Senator Prowse: The average barrel prices, before and after.

Mr. Bryant: The current average price of Canadian oil is \$6.70.

Senator Carter: That is the price.

Mr. Bryant: Are you inquiring as to the cost?

Senator Carter: Yes.

Senator Prowse: Before everyone started getting into the business of increasing the price of oil there was an average price paid to oil producers in western Canada for the oil going into the pipelines, east and west.

The Deputy Chairman: You are talking of \$2 and some cents, as opposed to now \$6 and some cents.

Mr. Bryant: Approximately \$3 per barrel was the original price.

Senator Grosart: What is the cost to OPEC?

Mr. Bryant: Three dollars and fifty cents to \$4 a barrel.

Senator Carter: That is what I was after. Earlier I asked the minister whether he listened to "The Great Debate", in which Mr. Douglas, the member of Parliament for Nanaimo-Cowichan was debating with the retired president of Imperial Oil. He appeared on television armed with statistics from a publication of the Petroleum Association,

where it was all itemized in their price of oil. It included production costs, the amount they were going to add on for future exploration, for dividends and profits, and so on. There were a number of things which went into the price. It appears that the oil company was already making provision for future exploration in its oil price. We have now discovered that exploration and production costs for the tar sands oil and offshore oil in the Arctic, will be higher than anticipated, but they were already making provision for it, and apparently making what they thought was satisfactory provision.

Mr. Bryant: Senator, I would make two comments: first, the fact of roaring inflation which has to be caught up on; and secondly, the fact of the unprecedented international price increases. On January 1, 1974 international prices increased by something in the order of \$4 per barrel. It seems to me that when your exploration and exploitation, particularly of the frontier areas, is largely being done by international companies who have alternatives on the international scene, the price you have to pay to encourage exploration in Canada has to relate to the international price; otherwise your Canadian exploration will not get done.

Senator Benidickson: Who is now producing from the tar sands in the Fort McMurray area?

Mr. Bryant: GCOS—Great Canadian Oil Sands.

Senator Benidickson: What is the daily production?

Mr. Bryant: About 65,000 barrels a day.

Senator Benidickson: And they are now in the black, based on capital costs of some years ago?

Mr. Bryant: I think they came into the black when Canadian prices reached about \$4.50 a barrel. I am not familiar with their profit and loss accounts, but I do not think they are anything tremendous.

Senator Benidickson: It is not too significant if we are thinking in terms of investment for new production at inflated prices.

The Deputy Chairman: We now have Mr. Stewart with us. We are happy to have you with us, Mr. Stewart. There may be questions that might be directed to you. Mr. Stewart is Chairman of the Energy Supplies Allocation Board.

Senator Prowse: With the Great Canadian Oil Sands moving into the black, they have been relieved of the sales tax—at least, they receive a rebate on it in order to get out from under the very large expenses which resulted from the previous tax.

Mr. Foster: I believe that is correct, senator.

Mr. Bryant: I have heard that in order to promote the production of tar sands, the price of between \$15 and \$20 per barrel is currently required.

Senator Prowse: Is that on straight surface mining?

Mr. Bryant: Yes.

Mr. N. J. Stewart, Chairman, Energy Supplies Allocation Board: Mr. Chairman, perhaps I can support what has been said. It all depends on what is expected from the price. Are you going to recover the imbedded debt, which now exceeds something over \$900 million, or are you going to say the price should be adequate to maintain the operat-

ing expenses and current expenses of the plant, its facilities and salaries associated therewith?

If the latter, then the estimates would indicate a price in the order of \$12.50 to \$13 a barrel may be adequate. On the other hand, if you are going to realize on the imbedded expenditures which, as I say, exceed \$900 million, then obviously some greater price has to be afforded. This is where you get up, as Mr. Bryant said, to \$15, \$16, \$17 a barrel.

Senator Grosart: Obviously, it would not be reasonable to include the total capital costs because you are going to make a profit on that over 20 or 30 years. Is there any kind of consensus on the dollar cost per barrel of maintaining what would be regarded as adequate on-going exploration? Obviously, a price of \$15 to \$17 a barrel is unreasonable. This is a very important question at the moment. Does the present situation jeopardize the discovery of further oil resources?

Mr. Foster: The Minister of Energy, Mines and Resources, as a general policy, has enunciated that oil prices will have to rise in a phased way to ensure that we will be able to bring on our frontiers.

Senator Grosart: But my question is as to whether or not there is a consensus on the dollar cost per barrel of maintaining what would be regarded as adequate on-going exploration. This is a particularly important question if we are going to phase out our reliance on offshore oil—offshore in the international sense.

Mr. Foster: I do not think the National Energy Board report foresaw the phasing out, at least in their report phase, of offshore resources. It was looking at providing supplies east of the Ottawa Valley line and 250,000 barrels a day going into the Montreal area.

Senator Grosart: It would be tremendously important to Canadians, if we can increase the price of our oil resources to the market level, that we be in a position of being able to retain the whole of the surtax in general revenue, rather than having to use it to compensate the Eastern provinces.

Mr. Foster: Of course, as the domestic price moves up in order to bring on the Arctic sources, and so on, the amount of revenue from your export tax is reduced. The differential is phased out.

Senator Grosart: I think some of us, anyway, are looking to the time when we might have a two-price oil program as well as a two-price wheat program.

Senator Prowse: Am I not correct in saying that, generally speaking, in respect of the oil we now have, the old oil, the producers were looking forward to a price of \$2.50 to \$3 a barrel, on reserves where it cost, in an average way, \$100,000 to drill a well and bring it to production level; whereas in the frontiers we are looking at \$2 million to drill just a purely exploratory well? That is going to cost us a whale of a lot more, because there is 20 times as much money going into that well and there may be nothing at the bottom of it. Is that not a problem we are running into? As against that, how do we keep our people from going to the North Sea where, although it costs a little more to drill a well, they are getting 50,000-barrel-a-day wells, whereas in some places in the Arctic they are getting 50 barrels a day and that is it.

Mr. Foster: I think the first ministers, when negotiating the on-going Canadian domestic price, will have to take all these things into account in order to strike a figure that is adequate to bring in the frontier sources.

Senator Prowse: It has been 13 years, I think, since we got the last field in the Prairies.

The Deputy Chairman: If there are no other questions, I would ask for a motion that we report the estimates without amendment.

Senator Prowse: I so move, Mr. Chairman.

The Deputy Chairman: Is it agreed that the Supplementary Estimates (C) be reported without amendment?

Hon. Senators: Agreed.

The committee adjourned.

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FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW *Deputy Chairman*

Issue No. 4

THURSDAY, FEBRUARY 13, 1975

First Proceedings

on the examination of the Estimates of the
Manpower Division of the Department of Manpower and Immigration
for the fiscal year ending the 31st March, 1975.

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

February 13, 1975

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:40 a.m.

Present: The Honourable Senators Everett (*Chairman*), Benidickson, Carter, Croll, Graham, Grosart, Hicks, Langlois, Manning, Neiman, Sparrow and Yuzyk. (12)

Present but not of the Committee: The Honourable Senators McGrand, Smith and Thompson.

In attendance: Mr. J. H. M. Cocks, Director of Research and Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament.

The Committee proceeded to the examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

The following witnesses, representing the Department of Manpower and Immigration, were heard:

The Honourable Robert Andras, Minister;
Mr. A. E. Gotlieb, Deputy Minister;
Mr. J. L. Mannion, Senior Assistant Deputy Minister (Manpower)

On Motion of the Honourable Senator Grosart it Resolved to print 800 copies in English and 300 copies in French of this day's proceedings.

At 12:50 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, February 13, 1975

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, we commence our hearings on the Manpower Division of the Department of Manpower and Immigration. These hearings follow a logical development which started with the committee's examination of the economy and the resultant report which was called *Growth, Employment and Price Stability*. It was then the decision of the committee to make a detailed examination of a program, agency or department, and to continue that examination through programs, agencies and departments as time went by.

Our first examination was that of Information Canada, and a report was written. We are now proceeding with our examination of the Manpower Division of the Department of Manpower and Immigration, and to give us an overall view of the department we have the Minister of Manpower and Immigration, the Honourable Robert Andras. Beside Mr. Andras we have the Deputy Minister, Mr. Gotlieb, and beside Mr. Gotlieb the Senior Assistant Deputy Minister, Mr. Manion.

Honourable senators have received a submission from the minister. The minister would like to read and discuss this submission. However, I am in the hands of honourable senators. As I say, honourable senators, he would prefer to do that, but if it is not your wish that he should do so then you could express it.

Senator Croll: Whatever the minister wants will be all right with us.

The Chairman: The lead questioner will be Senator Grosart and after the minister has finished his statement Senator Grosart will commence the questioning. I would like to leave the questions in chief in his hands and senators, of course, will be free to ask supplementary questions. But perhaps you could hold your questions in chief until after Senator Grosart has completed his questioning in chief. With that, honourable senators, I will turn the hearing over to the Minister of Manpower and Immigration.

The Honourable Robert Knight Andras, Minister of Manpower and Immigration: Thank you, Mr. Chairman and honourable senators. I appreciate that your chairman has asked you your will insofar as my going through the statement in detail is concerned. I did express my preference to do so, and I now give fair warning that it is a lengthy statement and one on which we have done a fair amount of work. So I do appreciate your indulgence in

staying with me in going through the rather long discourse I am about to make. I think it is important to get as much as we can on the record, and perhaps it will stimulate more than just the reading of it since it has not been in your hands that long.

I very much appreciate both the act of the Senate committee in pursuing this line of examination and its timing. We are well into a major program of change and reorganization of the Department of Manpower, and I think we are going to make it into an agency for the benefit of this country, one that will give Canada, I believe, a labour market service second to none. Having said that, I would not want to leave the impression that we are at all satisfied with what we have accomplished so far and I do not think that the beautiful day will ever arrive when we can rest on our laurels.

I hope, honourable senators, as much as possible in my own remarks, and in the proceedings that follow over the next several weeks when my officials and I will be available for questioning, to get the full story on the record, both the good and the bad, so that there will be a balanced understanding of what we have been doing and what we are trying to do for the future, which, in turn, I think will stimulate the very valuable advice which you can give me for future operations, valuable particularly in the sense that it is based on knowing our good points and our "warts" as it were, because both exist. I might say that I am as fully aware of the good things that we have been doing as I am aware of the problems and weaknesses in our manpower programs, and it is in that very candid sense that I point out our present situation and our ideas for the future.

When I took over the department a couple of years ago I was talking to a Commons committee in the process of reviewing our estimates, and I said that while Canada Manpower had done a good job by international standards—and I shall be able to provide the evidence for that later—we needed a major reorientation of effort to meet the very fast changing needs of today and tomorrow. I am now pretty well satisfied that we are well on the way to establishing a strong new base for effective action in the manpower field. So I would ask you, in reviewing our programs, to look at our performance today and our good intentions for the future, rather than simply looking at the past.

In speaking in this vein I am reminded of a comment made by my colleague Don Jamieson, rather ruefully on one occasion, to the effect that if you get the reputation for getting up at the crack of dawn and that reputation gets abroad, you can then begin to sleep in until noon. Conversely, if by any chance you get the reputation for not having got up at dawn and for having been sleeping in until noon, and then you start getting up at 6.30 in the morning, nobody will believe you. We are getting up pretty early these days but we still suffer somewhat from our

reputation of the past. So I hope you will judge objectively when all this is over and be able to tell me privately or publicly whether my assessment is correct.

I do not want to focus too much attention on the past, although it is of great importance to know where we have been in order to see where we are trying to go.

Traditionally in this country, as has been the case elsewhere in the world, public employment services have been nothing more than labour exchanges, simply matching available people with available jobs, even though a more dynamic system was obviously needed. In 1945, in a white paper on employment and income, the federal government stated its determination to maintain a high and stable level of employment and income. In 1950 Canada ratified the 1948 International Labour Organization Convention 88 which stated that:

The essential duty of the employment service shall be to ensure in cooperation with other public and private bodies . . . the best possible organization of the employment market as an integral part of the national program for the achievement and maintenance of full employment and the development and use of productive resources.

I would like to be able to say that after that 1945 white paper, and after the ratification of Convention 88, Canada's employment, training, placement and other labour market services flourished; but in fact, unfortunately, they languished. Fortunately during that period, from 1949 to 1960, some 2 million newcomers came to Canada through immigration. Those immigrants had skills which made up for the demands that we could not meet in this country, and for which, frankly, Canada was not training her people. You might put it, rather crudely, that in that era we fed on the skills of the rest of the world to meet our needs.

Economic conditions deteriorated in the late fifties. That led the special Senate Committee on Manpower and Employment in 1961 to emphasize the need for a "well informed employment service, properly guided, resourceful and fully integrated into an over-all program for maintaining high levels of employment." Subsequently, the newly-formed Economic Council of Canada set up a structure of over-all economic goals for this country and outlined the role of a related manpower policy.

The first annual review of the Economic Council of Canada, in 1964, placed very great importance and significance on an active and positive labour market policy. It called for full and more efficient use of manpower policy. It spoke of and stressed the need for a dynamic labour market policy, and it suggested that the key elements of that should be:

1. A major increase in the quality and quantity of the staff of the employment service.
2. A separation of the employment service from the Unemployment Insurance Commission, and full integration with the Department of Labour at the federal level.
3. Establishment of the employment service as the sole co-ordinating and implementing agency for all manpower policies and programs.
4. A major investment, on a scale not previously contemplated, in occupational training and retraining programs.
5. The establishment of an effective mobility program.

6. Full co-ordination of all labour market information to provide an effective basis for a co-ordinated labour market policy.

In this context of manpower, considering the magnitude of immigration and its effect on the composition of the Canadian labour force, the council also called for immigration to be looked at in the context of manpower needs. In 1965 the second council review recommended a realignment of departmental responsibilities, and it was from that series of events that the world's first Department of Manpower and Immigration was formed in this country in 1966.

The new department adhered to the concept of an "active manpower policy" which was along the lines advocated by the Organization for Economic Co-operation and Development in 1964, and theoretically, at least, that concept of the OECD was adopted by most of the so-called developed countries. Essentially the OECD approach discarded the old, traditional notion of a public employment agency which provides only a job matching service, and replaced it with the concept of an active, dynamic agent for change.

When we began, with the formation of the new department, to apply that OECD view, our initial emphasis was on the establishment of a flow of labour market data, and on the development of new programs which would have an improved impact on the economy. By 1972, however, skipping through those few years, the department conducted a major policy review which led to less emphasis being placed on serving the economy and more on serving employers and employees—that is, people. It reaches the same objective, but it gets to the heart of the matter.

So, in this sense, we have begun to focus on, in the first place, the individual. Each one of these so-called statistics, that is, the items that make up statistics, is in fact—and we must recognize this—people with names, usually with families and dependents, feelings, desires, hopes, aspirations, frustrations, problems and talents. We have therefore decided that we are going to focus on the individual and get to our ultimate goal by doing that very thing.

We also want to focus on the relationship between our manpower centres—which from our front line, our field operation, so to speak—and their impact on and association with their communities. Again, the individual in towns like Regina, Thunder Bay, Toronto, Esterhazy, and so on, cannot just be dealt with as material for a statistical effort. It is obvious also that we have to have close cooperation between all levels of government. To this end we have been taking steps to improve our relations with other levels of government, and we have been focusing on the needs of Canadians, including the special needs of the alienated, the discouraged and the disadvantaged in our society.

Before we get into an explanation in greater detail of how manpower is trying to accomplish all this, let me say that these thrusts—concentration on the individual, dealing with the individual, and others that I just enunciated—reflect very much my personal philosophy for the future of manpower and immigration in this country. I think I can also say that they rest on the strong base established by my predecessors in manpower and immigration—Messrs. Jean Marchand, Allan MacEachen, Otto Lang and Bryce Mackasey, who have been the previous four ministers since 1967.

Since I came to this department late in 1972 I have developed a personal set of plans and priorities calling for an integrated manpower policy. I intend to do everything I

can to see that the resources of Manpower, the Unemployment Insurance Commission and Immigration all work together so that more individuals have greater access to opportunities for work, and so that we have a more effective labour force.

I firmly believe that Canadians do want to work. I think that Canadians want to contribute to society. I think they want to contribute to society and I think they want to be seen to be doing so by the rest of that same society, their peers, and others. I really believe that the instinct for self-sufficiency through work is very much alive in this country.

That was a desired reaction on my part, and was just instinctive, I guess, but I am happy to say that we have been able to back it up by the research that has been developed by my department, and which will be published very soon. It will confirm to you that that research bears out the somewhat idealistic impression of mine that Canadians do want to work, and I think it stems from the fact that work, as well as providing that very necessary commodity known as income—to enable us to keep bread on the table—gives all of us a feeling of belonging, a feeling of pride, a feeling of self-respect, and really being a part of the mainstream, instead of being set aside from our association with others.

It is not just income that stimulates the desire to work. It is very important to me that we use the resources that we have in this department of mine, co-ordinated with the efforts of other federal departments and other governments, to increase opportunities for individual Canadians, workers with names and families, to participate in and contribute to the life of Canada, so that they may be seen to be doing so, and to give them a full range of options to upgrade their own lives to the standards that they set for themselves, and in accordance with the hopes that they have for themselves. So long as I have responsibility in this field my goal is going to be to enhance and to encourage and promote individual self-sufficiency, for which I do not think there is any substitute.

It is in a humane sense that I am talking, not just in an economic sense, to provide opportunities for improvement, for bettering individual self-sufficiency and for helping individuals upgrade their own talents and skills, so that they can contribute to society and so that they can earn their personal greater rewards for doing it that way.

I simply say that I totally subscribe to income support, and I will go on the barricades any time there is an attack on it. I say that income support in this country for people who, through no fault of their own, are in difficulty should be provided. We are not going to let people starve to death. Having said that—and we are an advanced and relatively affluent country—I have to add that it is not enough just to send cheques to people in lonely rooms and think we have done our job. It is fundamentally required that even the lowliest among us, and perhaps the least deserving by some of our standards, are entitled, by the fact of being born, to a basic existence. But that is not enough in a society like ours; we have to provide the opportunities for them to do it for themselves.

So, in that sense of trying to ensure that every Canadian has an opportunity to connect with satisfying employment, I think we have to structure our labour market programs in a way that permits us to respond to the extraordinary variety of needs and the problems which we, as Canadians, face at various times in our working lives. There are very

few who do not face problems at one time or another throughout the course of their existence.

It may be that young high school drop-outs will need training. It may be, and indeed it is increasingly so, that older workers, women and men, may require re-training because changing technology, changing attitudes, changing opportunities have passed them by in the talents that they possess or were trained for in the first place.

It may be that a person with a handicap requires active marketing on the part of our manpower counsellors. We cannot just sit back and say, "There is no job for you, because you are blind, or because you have some physical or mental handicap." We have to get out and market that person rather than just be passive and say we do not have a spot for him at the moment. Another person may require only temporary income support in the form of unemployment insurance benefits, and then access to a job information centre to reconnect with a job.

We cannot cope with this range of needs, of opportunities, by isolating our resources in rigid compartments. And that is one of the weaknesses in our present structure: there is too much rigidity in the allocation of resources and how we get our resources to use. So we need an integrated approach to manpower policy, which means an integrated approach to the funds and resources we have at our disposal, one that ensures that the individual client—and that is where it has to start, with the individual client—can be plugged in without undue delay to the particular resources that he needs to support his efforts to obtain satisfying and enduring employment.

By that I mean that our votes in Parliament give us so much money for mobility, and that is for mobility, and so much money for certain kinds of training, and that has to be reserved for that, and we find that we might have a lack of funds in one and more funds in another, and because when we interview the individual he does not quite fit into that slot we run out of gas here and we cannot get at the other, and so that fellow falls between two chairs. We have to have much more flexibility within our range of resources.

Now I want to say this: I am not advocating that, in order to do this job more effectively, to reach the goals we have set for ourselves and which, I hope, will be shared by others, necessarily means we are going to have to have more financial resources. It does not automatically assume that we have to go charging off to get another couple of billion dollars to throw in the pot. I am not going to resist it if I get it, but I think we can achieve some of these policy improvements by marshalling the existing expenditures, the existing resources we have at our disposal, and marshalling our efforts and aiming at greater flexibility of the eally tremendous resources we have, and of greater coordination of program resources which exist within the overall framework. That is going to include having to venture out of the federal scheme and getting into closer cooperation and coordination with the provinces as well.

I think when we succeed in reaching this Nirvana that I have as an objective, that, in addition to personal rewards for individual Canadians in this country and the benefits to the economy which would accrue from a fully integrated manpower policy, would lead to the development of a first-class employment service. So it has been undertaken since 1966, when the department was formed, and I would like to think that I have been able to accelerate our movement towards this; and what has been taking place is the building of a solid foundation. It is reflected in our human

resources within the department—our counsellors; and I really have found very encouraging, as I have travelled across the country talking to our counsellors, their sense of dedication, their humanity and their competence. They have had some frustrations because of some of the problems that I will be rather candidly laying out before you later, but I think we are overcoming those in the organizational changes and renewal that we have undertaken. But I must say that we have a fine group of people out there—and that is not just the usual ministerial defensive reaction to defend his department. I really have this sentiment. I have found this one of the greatest encouragements to me as we change course.

The points of delivery, the expanding manpower centre network across the country form a very valuable organization. We have some 390, I think it is, improving the provision of quality labour market information and labour market analysis, and occupational forecasts in techniques that we have revised and defined in the last year or so, and there are many others which my officials will be delighted to lay before you in the ensuing weeks because we are proud of them. I think we have improved that aspect of it very much. It is basic. We have to have decent information before we can do very much.

We are improving our ability to deliver satisfactory service to meet employers' needs, to make better referrals and so on. We have improved and made more flexible our mobility programs to let workers move, although this is an area which I think requires a great deal more examination and innovation. We are certainly stepping up our effort to provide opportunities for the under-employed, the unemployed and even the hard-core unemployed, if that expression is acceptable, in developing skills which are in demand. That, of course, will be done, in the main, through our Canada Manpower training programs. There is now much greater coordination and cooperation between Manpower and the Unemployment Insurance program. That is proceeding apace, and we will be expanding that effort considerably.

Dealing now with placements, our Canada Manpower Centres across the country have grown in number from 219 in 1966, the first year of our departmental operations, to 450 today. The number of placements, people we have actually placed in full-time jobs—and you may want to satisfy yourself when you are examining my officials as to what we actually mean by "full-time jobs", because there are fairly hard criteria established before we can claim a placement; they are not just silly gauges. The number of placements in full-time jobs, not casual, not short-term, has increased from 788,000 in 1966-67 to 1,042,000 in 1973-74. I am talking about fiscal years now. So while we have not the full story for the fiscal year 1974-75, which ends in March, we are expecting to achieve in excess of 1,200,000 placements in 1975-76.

I can tell you—and I do not think this is fully understood across the country—and I say it with some pride, that the current placement level of full-time jobs through CMC federal manpower operations, relative to our population in this country, is one of the highest attained by any public placement service in the world. So when we indulge in the Canadian habit or joy of knocking each other, let us also look abroad and see how we compare with other operations. In regard to manpower training, our performance has improved since 1968-69, the first year after the implementation of the Adult Occupational Training Act. We trained 301,000 people and almost 12 million training

days were purchased in the process of dealing with those people. In 1973-74 the number of training days purchased was 17 million, an increase of about 44 per cent. Our growing investment in training, although it is not enough yet, reflects the increasing needs of the rapid technological change in our society and in our economy and the sophistication that an affluent nation like Canada is going to require.

The Canada Manpower Training Program and its counterpart in industry, the Canada Manpower Industrial Training Program, both of which we administer, are major thrusts by the department to help Canadians satisfy human and material wants through the labour market. I guess you can take one measure of the extent of these thrusts in recognizing the financial commitment to the program was some \$405 million in this fiscal year alone to do that kind of training.

I also want to draw your attention to what is said in the statement, the fact that we have to subject ourselves—and we do it quite willingly—to some very hard-nosed evaluation by Treasury Board. And I can assure you from first-hand experience that Treasury Board is not a softy; they do not buy rhetoric and they do not buy nonsense when you claim how you are performing. There are some pretty hard-nosed guys there who set up the standards by which the programs are evaluated and judged. Every one of our programs goes through this screening. The evaluation of the training programs estimates that the economy benefits by from \$4 to \$6 for every dollar invested in training. That is higher than most government programs produce in cost-benefit ratio analysis, and I cannot emphasize too strongly that it arises after examination by some pretty hard-nosed people who cannot be easily fooled. As to mobility, in matching jobs and workers, this is one of our primary and, I think, almost peculiarly Canadian difficulties, although other countries tell me that they have to some degree the same problem. It stems from our ribbon industrial development across the country, all clustered near the border, from Newfoundland to Vancouver Island. Our difficulty is that often the jobs and the workers do not appear to be in the same place when they are needed. For example, we have had vacancies for miners in British Columbia and in other parts of western Canada, at a time when the only miners available for work were living in Nova Scotia. It is a tough job to get the two situations to match up.

Before 1967, the match-up efforts used to be handled through a rather restrictive program of repayable loans to workers, which put them behind the eight ball when they got there. They could write off the first year or two of the new job simply being worried by loan repayments. Now, under the Canada Manpower Mobility Program there is a system of grants which enables workers to move themselves and their families to continuing employment in skill-shortage areas. We think this program has reduced somewhat the loss of employment. It certainly has in some cases eliminated or cut down unemployment insurance payments and it has eased the threat of destruction or shutdown for employers. The grants now are available for exploratory job searches, they are available for re-establishment, and for the cost involved to some degree in the sale and purchase of housing, which is a fundamental point, as we cannot hope that families would move from A to B and live in a tent for very long.

In 1967-68 we assisted 5,700 workers to relocate through the mobility program. That was in the first year of the program. That has gone up to 11,000 in the past year, which

is just about double. Again, the cost-benefit ratio analysis, done with our friends—and I use this expression for the Treasury Board—shows on this program an amazing return to the economy of \$12 for every dollar spent.

Perhaps the most interesting and certainly one of the most recent innovations in the department is in the job creation area, specifically the Local Initiative Program and the Opportunities for Youth Program. Projects under either of these programs have to meet the standard of being of real benefit to the community, in addition to providing jobs. We have said, and we have established the principle, that the initiative for them must come from the community and from the potential program participants. We do not establish this on the basis on which some other countries did, by building a huge bureaucracy to direct it all. The philosophy, you may recall, came from the Prime Minister, when he said to the Canadian people, "Look, you have been telling us that you want to do special things, important things for people. All right, then, we will give you a program which will give you the opportunity." LIP and OFY are these programs. In terms of real value to the communities and to the participants, I do not think that either words or figures can tell the whole story. I do not know of any other program which responds as quickly, as effectively and, frankly, as inexpensively in relative terms to general unemployment, economic unemployment, while clearly creating community betterment and personal development. LIP has provided more than 208,000 jobs during the past three winters, and OFY has provided about 123,000 jobs during the past four summers for students.

While these are seasonal programs, both of them, we have from this experiment branched off into some other directions. We have introduced a permanent, year-round job creation program called the Local Employment Assistance Program which is aimed at the hardcore unemployed. It has been a small experimental program, it is teaching us new ways of getting Canadians who have difficulties particular back to productive work, whether the economy is in boom or recession.

Honourable senators, I would again make reference to our counsellors. None of these accomplishments would have been possible without the dedication and concern of these people across the country, and I think their efforts are truly remarkable. They come under a lot of fire. They are recruited for both their experience in the real world of work and for their academic background. Today they are better educated than they were in 1966. Some 53 per cent of our counsellors have a minimum of a bachelor's degree; many of them have had post graduate training in pertinent fields—psychology, vocational training; and a lot of them are further trained in an on-going program through our own department. I do not think you would get any more important role in our department than the manpower counsellor who is face to face with individual Canadians and really needs to be experienced to do the job. The counsellor is very important. The rest just exist to serve him, as far as I am concerned. They have to be familiar with employers' operations and needs as well. They really do serve two masters: they serve the employer and they serve the job seeker. It is not an easy thing to do; they are doing it increasingly well. Despite certain comments from certain directions and certain surveys, I would say that many thousands of employers and job seekers will bear witness to this fact, and I hope, Mr. Chairman, that you will give us the opportunity to deal specifically with some of the questions that were raised through the previous

exercise. I mention that so that we may have the opportunity to put some balance into this operation.

I have mentioned the comparisons with other countries. I believe that it is pertinent, that it may be of interest to you and that you may even be surprised to learn that Canada measures up very favourably when compared with such countries as the United States, the United Kingdom, Sweden, France and West Germany. There are differences and similarities in the manpower policies of all these countries which I think you would agree are the most advanced, industrially and economically, in the world. These differences are related to different national resource bases, conditions, economic and social attitudes and so on. There are also similarities and differences in the objectives, thrusts, reporting systems, statistical bases and program terminology. So you have to be careful in looking at a country-versus-country head-on comparison because they are, to say the least, imprecise.

Here are some conclusions:

In 1972 Canada was first among all the six nations I have mentioned in terms of placement, amounting to 12 per cent of the labour force, which in Canada totalled 8,329,000. Although we do not have accurate data on the total number of job openings which occur in Canada each year, our best estimate is that CMCs fill 25 to 35 per cent of job openings. About 3 to 4 per cent of Canadian jobs turn over every month. While these figures are somewhat imprecise it would lead to about three million jobs, plus, being filled in Canada every year, with something in excess of one million being handled by Canada Manpower.

In training, Canada was second only to Sweden in 1972. I am speaking now in terms of training expenditures as a percentage of gross national product. Ours was 0.37 compared with Sweden's 0.43. At the other end of the scale you had the United States at 0.09 and France at 0.15.

Training expenditures by government have risen in all six countries in the past three to five years perhaps because of particular conditions. Ours have risen from \$190 million in 1968-69 to \$397 million in 1973-74. Sweden's expenditures grew from \$415 million in 1968-69 to \$852 million in 1972-73.

Our labour force has grown tremendously from 1968-69, when it amounted to about 7½ million people. It is now 8.3 million people for 1972-73. Within the same period the labour force growth increased at a lower rate in the United States, remained relatively static in Germany and France and decreased in the United Kingdom.

It is rather difficult to arrive at firm conclusions in making comparisons when there are so many variables. I shall give you some examples, all the same. Sweden generally has been looked upon as a pioneer among the international community in progressive human betterment legislation, and yet Sweden in 1972-73 spent considerably less in training dollars than did West Germany. Training expenditures in Germany did increase astronomically and they are still going up. They went up four times between 1968-69 and 1972. This was the result of new legislation. But there may be a shift in expenditures from the private sector to the government sector.

The Chairman: What causes you to think that there might have been a shift?

Hon. Mr. Andras: We have been talking to the Federal Institute of Labour. I was there in October. I think this has also taken place to some degree in Canada, and it bothers

me a bit. It is an evidence of the degree to which employers have abandoned their own training responsibilities. Some of the very large companies with which some of us were associated some years ago used to have a very heavy training program of their own. But now that has changed.

I think we have done well in certain areas by comparison with other countries; we are ahead in some of our thrusts and we are slightly behind in others. I do not think we should necessarily reach the conclusion that we should adopt everything that every other country seems to be doing because they seem to be doing better in one sense than we are doing here. I think we have to look at what they are doing and take some of those things that are applicable to Canada and which would make our own operation better.

Now we come to the issues and to the real challenges as I see them. We have faced a problem in this country which I think is unique to Canada, and that is the rate of growth of our labour force. We had the fastest growing labour force of all the member countries of the OECD between 1959 and 1972; and we are continuing to grow. This is really related to the influx of young people into the labour market. Here I am speaking of those between the ages of 14 and 24 who in fact face job-readiness problems; and there is the parallel factor of the increased participation of Canada's women in the labour force. That has been rising exponentially in the last few years, and I give fair warning that, even with that rise and with that participation of Canadian women in the labour force, our figures are still below many of the countries to which I have referred, so one can only assume that that is going to continue. I think it is wonderful that it should be so, but it does mean that we have to create more jobs and this, in turn, poses some challenges for us and for my department. So that is one of the most important factors and is rather peculiar to Canada—this growth in the labour force. We are, of course, trying to resolve this.

Another problem we face, that has received a great deal of publicity and properly so, is the contradiction we face in the Canadian labour market whereby we have had high unemployment on the one hand and a great deal of unfilled jobs on the other. This, in fact, has amounted to labour shortages in certain fields, and we have not been able to fill these jobs.

We have to take a pretty long and hard look at some of the basic factors involved in this apparent paradox—the number of jobs available and the people who potentially could fill them. It is pretty obvious that when a competition for workers develops and there is a tightening of the labour market, then the poorer employers with the poorer jobs are the first to feel the pinch. Naturally, if one can get a better job one is going to take it. The employers who offer good wages and good working conditions tend to steal workers from the poorer employers and from the poorer paying jobs. This is upward mobility, and nobody would resist the opportunity to move upward. Employers with good jobs to offer do not really have an extraordinary difficulty in good times in filling them, and usually they are in a position to pick and choose who will get them. For this reason they usually do not need Canada Manpower and they do not often use Canada Manpower. As a result, Canada Manpower has suffered from the problem resulting from getting the poorer jobs offered to them to fill matched with the harder-to-place workers. That is the area we are dealing with and the data indicates that the largest increase in job vacancies in 1972 was in these harder-to-fill jobs. Here I am referring to those with the lowest skill

level and the lowest accompanying rates of pay. The bulk of the low or semi-skilled vacancies to which I have referred offered rates of pay barely above the minimum wage. And so I think it is safe to say that the incentives to accept or to remain in those jobs will be pretty low. In 1973, 66 per cent of the low-skill vacancies offered a mean wage of between \$1.80 and \$2.20 an hour. When I worked for \$41.66 a month, back in the thirties, I got by a lot better with that than I can now, and I suppose, relatively, I was better off than a chap working at \$1.80 an hour today, though I thought I was being hard done by then.

I do not mean to say that turnover is reflected in all job vacancies. Skill shortages, to a certain extent, geographical mismatching and the examples I gave a few minutes ago, constituted important sources of unfilled vacancies, especially in 1973. Almost 40 per cent of all Canadian job vacancies occurred in Ontario, but the province had only 27 per cent of Canada's unemployed. That is the locational mismatch problem, which raises the question of how we get at real mobility programs.

Another factor in this whole thorny question of concurrent areas of high unemployment and unfilled job orders is expressed in a phrase which some people challenge, and that is "Job Satisfaction." I mentioned to you that our own departmental survey—one which has been pretty thoroughly done, I think—indicates that people do want to work; but it also indicates quite clearly that they are more fussy about the jobs they will take. They are not satisfied with taking just any job. Financial considerations, while they are still the most important factor, I believe are less important for many job seekers than other factors, such as the challenge of the job and the adequacy of the resources to do it, the acceptance, the working conditions, the general sense of integrity and pride.

I would say this, that a lot of employers themselves add to their problems by making their selection criteria for workers that they want to hire so restrictive that they deny jobs to people who could in fact perform work satisfactorily. Personnel officers, to reduce the number of candidates they must see—which is work—impose screens of education, age, experience, height, weight, bonding and all sorts of barriers. Then, when the labour market tightens and they cannot get workers, they fail to realize how much they have restricted their own field of choice.

This is difficult to measure precisely, but one study we have looked at shows that during the last decade educational requirements for jobs have risen very much, while the actual content of the jobs has remained virtually unchanged. You get some people with Ph.D's sweeping floors. That is an extreme example, but I do not like this finding, and I said this bluntly and candidly to the business sector. Early indications are that business has responded, to my concern, after wanting to blast me out of the ball park, but I am not naive enough to think that I will not have to prod further before marked change is evident in this field. I am aware that much of the recent unemployment in Canada is based on such structural and frictional factors that place particular, often unwarranted, strain on manpower programs.

I am not a prophet, but I think I am a realist. I would like to be able to convince you that these problems really can be turned into challenges. We are now developing, and must continue to develop, strategies to counter the very high unemployment amongst youth—the 14- to 24-year-olds; the potential inadequacy of employment opportunities, both as regard entry, equitable incentive and reward,

for women and post-secondary graduates; the continuing problems—and we can single these out as being situations where the problem areas are—of the disadvantaged, the native peoples, urban poor, people in areas of low industrial opportunity; the emergence which is beginning unfortunately to become apparent of the shortage of particular skills that are required in this country; and the continuing mismatch between skills and jobs created by what you really could call the thundering pace of technological change.

In another dimension, we must strive to produce true and effective equality of opportunity, to respond to the individual's need for an effective say in his own destiny, and to the need, not just for jobs but for work that will provide Canadians with the feeling that they are doing something worthwhile, in terms not only of income but also with the meaning and satisfaction that they crave from their work.

We have had a communications revolution in the world for the last 30 or 40 years. We have had an extraordinary investment in education in this country, and we have had an affluent 30 or 40 years. Our youngsters have grown up in this atmosphere. It is all very well to talk about the thirties, but most of the youngsters have not seen that, and why should they? I hope they never do. But their expectations, based on everything we have fed into them over this last period of growing up, obviously, is going to result in the fact that their sights are set high. They are not going to accept some of the standards we were perhaps prepared to accept when we grew up.

In any event, frankly, I am very proud of the measures we have implemented and of our accomplishments in the broad manpower field, embracing Unemployment Insurance, Immigration and Manpower, and I think we are on the right track in what we have done.

Internally, in 1973, we undertook a program of organizational change and renewal within the department. We reviewed both the structures through which services are provided and the approach of staff members towards problems of the individual Canadians they are dealing with. This is something I feel very strongly about. We are now in phase two of this renewal program, and have begun to implement the changes our review indicated were necessary and desirable. Through judicious decentralization, we are reinforcing our operational management to facilitate the administration of our programs, and are improving and expanding our federal and provincial co-ordinating mechanism through the manpower needs committees that exist now in every province.

For instance, we have established Provincial Directors of Manpower to help carry out the decentralization process in the multi-province regions. Our interest is divided into the five regions, as you know. We have streamlined our headquarters to handle responsibilities in policy, program development and co-ordination of activities. You might be interested to know that we have reduced our allocations to our headquarters here in Ottawa—the ivory tower—and have redistributed a hundred and fifty man-years to the field, where we think the real emphasis has to be.

Our department is like no other department that I know of in the federal government. Between Manpower and Immigration and, I guess, UIC, we deal directly with thousands and thousands of Canadians every day, and our operation is not diffused, except for institutional training which we purchase through the provinces. Our operation is not diffused in the sense that we go through the provincial

governments for a delivery system. We are seeing thousands of Canadians every day, usually when the person in question is under some stress, when he has a problem, when he is unemployed and is worried about how to support himself and his family, or is an immigrant, for example, who has landed after a long trip, after taking a major decision to come to this country, and who is seeking unemployment insurance so he can get income support. We therefore need people who have judgment, and we cannot handle it all here in Ottawa, that is quite certain. No bible of instructions that we write can substitute for the judgment and attitude of the people in the field. Our whole thrust, therefore, is to say that we are here to serve the CMC in Thunder Bay, Winnipeg and all the towns of Canada, rather than to serve headquarters and keep me out of trouble during question period in the house. I can have that too, but it is not the main effort.

We are altering the reporting procedures—our paper war—so as to reduce the work load caused by duplication, frequency of reports and redundant information so that our people can concentrate on the real job. I think our most important people are the manpower counsellors, and they have to be put in a position where they can do their job without being bogged down with a whole lot of irrelevant or unnecessary effort.

This process of renewal of our organization has been under way for about a year now. We have solicited and received the comments of our employees all across the field, and they have all been carefully considered. We sat down with the Manpower and Immigration union before we even embarked on this, to talk to them, so that we could see how they felt about it, and I would like to say publicly that we have had extraordinary co-operation from them as a result of having done that in the first place. The relationships are very good. I do not mean we are not going to have bargaining difficulties and all that sort of thing, but our relations with them are good because we asked them what they thought we should do in the beginning, and because we let them know what we had in mind, as we did with our employees. We are trying to continue that exchange of information with our employees so that they know what is going on.

I wanted just to touch to some degree, Mr. Chairman, before I concluded, on some of these things which I think are extremely important. I think the most important thing we did in structural reorganization, in order to get at what I am trying to accomplish, was the conversion to job information centres. I know that some people think they are not working well, but I can tell you that I think they are working extremely well. We created job information centres, beginning last year, and I guess we will finish this up some time in April or May of 1975.

We have installed about 300 job information centres operating in our manpower centres. The idea here is that about 60 per cent of the people who are looking for a job do not need a heavy, paternalistic approach to it: they know their skills; they know what kind of jobs they can do; they know both their primary occupational skill and their secondary occupational skill. A lot of people have more than one skill that they can use in a tight spot. With the job information centres, now they can come in and browse around and see this. We have all the information out from behind the counter so that they can come in and look at it and see it. They do not have to go through the sort of gatekeeper approach to it. That is about what 60 per cent of the people need. They need to find out where a job is, go

down and see it, see the employer and see if they can get the job.

Under the system we had before this, unfortunately everybody who came to the Manpower Centre almost had to have an appointment. He was competing with the coffee breaks to get that appointment. He was faced with the paternalistic effort, what I call tombstone data collecting—the colour of your hair, how much you weigh, where you were yesterday, your age and all this sort of thing. There was a lot of bureaucratic red tape. As I say, it was not needed in 60 per cent of the cases. So we have cut that out.

The job information centres speed up referrals, they speed up placements and they free counsellors to focus their efforts, for which they are well trained, and I am sure well motivated, to concentrate on the 40 per cent of the people who need more than simply a referral. They need help, they need advice, they need counselling, they need an assessment of why they cannot get and why they cannot keep a decent job. Now our staff in the field offices, since they do not have to fool around with all this paperwork, are able to concentrate their efforts on this sort of thing. As I say, that should be completed by April, and it is a direct response to recommendations from a lot of people.

I might say that another aspect of this is that our counsellors have to know what employers' needs are. We had a program of employer visits before, but it got so bogged down that we could not make enough of them. The visits by our counsellors in 1974 to employers, finding out what their needs are and what the skill requirements are not only for now but for the future, have increased by 100 per cent in 1974 as a result of this. Some 250,000 contacts were made in 1974, I believe. Anyway, they are up about 100 per cent. They are getting out to talk to the people who are a very important part of all this.

So the integration is improving. I think it will permit us to do a much better job. We had made quite an effort in getting our unemployment insurance and our manpower operations much closer together. We went on a seven-metropolitan-area, Special Job Finding and Placement Drive, particularly addressed to unemployment insurance claimants. I still would say the best way to get a person off unemployment insurance benefits is to get him into a job, and this is what the effort was aimed at doing. Last Spring we introduced a joint operation between Manpower and Unemployment Insurance in the seven metropolitan areas and it resulted in some 70,000 unemployed Canadians finding work, who, I think, would have been much longer finding work had we not done that. We are working very hard to improve the cooperation.

In Newfoundland we are now engaged in a special pilot project. It is a special training project. The key to it is providing financial resources. What we are doing is permitting unemployment insurance claimants to continue receiving unemployment insurance benefits while they take occupational training through Manpower. I have asked Unemployment Insurance to give me figures on the number of claimants who are repetitive on unemployment insurance. We are not talking here about the guy who gets laid off at the auto factory—setting aside the current situation—for a model change-over. He is on recall and he is going to be back. He needs income support during that period. But we are talking about the person whose skills are such, or whose other personal talents are such that you are going to send him out to a temporary job, but he will be back on the unemployment rolls within six months or a

year because we have not done anything to get at the real problem he faces.

So now I am saying that I think we can use that \$2 billion a year in unemployment insurance benefits in a much more constructive way. We were not doing it before, and the Newfoundland experiment is a breakthrough. We will evaluate that over the next few months, and I would rather think that we will want to extend that whole program into a more formal authority than simply the pilot projects, with the authority we will get, hopefully, when the Estimates go through.

There are many more boasts I could lay before you here. I am conscious of the time, so I am not going to force you to listen to me through the rest of them, except for one. There is always one more.

In the income security review that is under way right now, particularly under the direction of my colleague, Marc Lalonde, working with me, I have the mandate responsibility for the employment strategy aspect of that. This is a parallel thrust. While the rationalization of the social security income review is going on, we are also saying what I have been trying to get across during this pitch to you, that I believe the best security of all is for a person to develop the skills, the training and attitude to be able to find gainful employment for himself or herself. We are addressing ourselves particularly to those in our society who, whether the economy is in high gear or in recession, always seem to be on the margin, always seem to be on the fringe, always seem to have chronic difficulty in getting or keeping decent employment. They range from what we are inclined to call the working poor, who are in and out of jobs, or the underemployed in terms of income, to people who have never worked because of physical or mental handicaps or locational or aptitudinal handicaps and so on. I think it is time we refused to accept that this has just got to continue to go on. That is why we are devising the community employment strategy which will be addressing a whole range of existing and, if necessary, new programs to gainfully employ to the maximum degree people who are capable of doing it—that group of people who have been chronically unable to get, find and keep jobs all across this country. I cannot tell you how many thousands of them there are, but there are far too many, and our society, which we pride ourselves on, has just got to come to grips with this, if for no other reason than it is not enough for a country like Canada simply to send cheques to these people and think we have done our job. That keeps the bread on the table and thank God for that, but it does not connect them with what they want to be connected with, which is the rest of society and to be seen to be contributing.

So the community employment strategy is starting with 20 chosen communities across Canada. We are just about signed, sealed and delivered on almost every province. We will be off and running on these 20 pilot projects probably within a matter of a very few weeks or months now. We have selected these 20 on a wide ranging sample. One will be a community in the sense of being a municipality or part of a municipality. Another will be a community in the sense of trying to pick a group of people who may all represent single parents or single parent families, or native people. So the community is not simply, in the structural sense, an institution: it is a group of people; it is a community more in the Canadian sense than in the institutional structural sense.

We hope to learn a great deal from these pilot projects. We may spin off a great acceleration of that program long before the three years' commitment to those 20 is done, but it is a very difficult and tenuous operation because we have to negotiate with the provinces and we have agreements with almost every province now. Letters of understanding have been exchanged. We are down now to picking communities in most cases. Then we have to go to the communities and get their concurrence and agreement, because this has to be agreed upon. You cannot force people to do it. I think it is exciting.

Senator Croll: Does the community pay some portion of this?

Hon. Mr. Andras: In some ways, yes—where it is a community, senator Croll, in the more structural sense. But where you have a group of people such as single parent families, that is less likely; they will probably begin to pay after we get them earning. But there has to be some start up. I shall be glad to expand on that in any questions that come up.

Although I have taken a great deal of your time, all I have tried to give you, really, is a summary or sketch. I am most grateful for your patience in letting me pour out my soul to you on how I feel about this, rather than just letting you read a cold brief.

I hope that over the weeks, Mr. Chairman, this will be very productive in the sense of full understanding of how good we are, and how good we "ain't". I hope that we get a balanced view, and that from that balanced view, not only the committee but Canadian employers and the public, to a degree they have not got now, will be able to give us helpful suggestions as to where and how we should act to improve our operations.

The Chairman: Thank you, Mr. Minister. In this committee's initial study, which was detailed and involved witnesses from all over the world, the resultant report was broken down into growth, employment and price stability. One of the things that worried this committee very much was the problem of structural unemployment. In actual terms there was a lot that could be done to the economy, but the area that continually frustrated policy-makers was this area of structural unemployment. You have dealt with it in your statement and, of course, that is the chief reason behind the existence of the Canada Manpower Division. It is also the chief reason why we wish to examine that division. It is a logical continuation of the broad economic study that we have previously made.

I can say to you that this committee will balance all the views. We have no intention of giving one view more emphasis than another. We will listen to all the views and we will try to make a balanced assessment of them.

I am delighted by the fact that on several occasions you have expressed your desire to co-operate with the committee. I trust and hope that that goes for all the officials in your department. Incidentally, I see many of them here today and I have a list of them. I hope they will not mind if I do not read the list or introduce them, because of the time problem. On behalf of the committee, we welcome you to our hearings. We hope you find them interesting and, if you appear as witnesses, we hope you will co-operate with us. We assure you that with your co-operation we shall be gentle with you in the senatorial sense.

Hon. Mr. Andras: Watch it!

The Chairman: We also assure you, Mr. Minister, that our report will be forward looking. We are not going to concentrate on the mistakes of the past. We certainly will be interested in what they were, but we will be giving full cognizance to the job that you are trying to do with your department.

As a reference, I would mention Information Canada. They were, I think, apprehensive about this committee's inquiry into these operations, but they later came to the conclusion, which they have expressed on several occasions, that while they may disagree with some of our conclusions they thought it was an extremely fair, objective and detailed report. We hope we can produce the same result for you and, through that, fulfil our obligation to the Canadian public, which is unique to the Senate and unique to this committee, that we can make this sort of assessment of government spending programs in a very objective manner.

I will also say, honourable senators, that the minister is giving us an overview of his department. I cautioned him that the officials will be appearing on four more occasions to deal with the elements of the Manpower Division on a much more detailed basis. So at this stage we are dealing with general policy.

Following that, we will be hearing evidence or commentary from people who are very knowledgeable in the manpower field, and then from there we will go right to the people who have used the services of the Canada Manpower Division. We may involve other areas also. I can assure the minister that when we have done all that, and before we come to any conclusions, we will invite him and his officials to come back to review some of the knowledge that we bring to our hearings.

Before we pass to the questioning, I do invite honourable senators to visit or revisit a local Canada Manpower Centre. I am sure that you will receive every co-operation possible, and I think a visit of that nature will make you that much more knowledgeable on the questions you will have to ask the various witnesses who will appear over the next few weeks.

With that, I would like to remind honourable senators that Senator Grosart is the lead questioner. He will have the conduct of the questioning until he has finished. Therefore, I hope that the chair will only have to entertain supplementary questions, to allow Senator Grosart to establish his examination in chief. Senator Grosart.

Senator Grosart: Thank you, Mr. Chairman. As you have done, I welcome the minister here and thank him not only for coming but for giving us this very comprehensive overview of the matter that we will be engaged in discussing for some weeks. I can assure him, if there are fears that this might develop into a witch hunt or the unearthing of skeletons, that that is not the intention, because the committee has discussed the approach that we should take to it, and it is objective, as the chairman has indicated.

It seems to me, Mr. Chairman, that our overall job is, first of all, to identify the problems with which the department is faced and other peripheral problems; secondly, to obtain the fullest information about the policies that the department has structured to meet those problems; and finally, of course, to assess the success of the policies in relation to the problems. Naturally, we will not deal with that today; that will be the end result of our inquiry.

Obviously, Mr. Chairman, we are dealing with a major Canadian problem. According to the latest figures, there are 817,000 Canadians officially unemployed, in UIC terms. Obviously, there are probably more than that who might be described as unemployed for various reasons—the physically, psychologically and socially handicapped—who would not appear in these figures. I am not attempting to exaggerate it, because I know the statistical figures themselves contain some degree of exaggeration in real terms, if we are thinking of distress unemployment. So I am not suggesting that the problem is any bigger than the visible problem at the moment.

On the assessment of the problem, may I ask the minister if he would break down the problem of manpower opportunities for Canadians? We start with what I call the UIC unemployed. Obviously, there is another large group who do not appear, who are on welfare, because temporarily or permanently they are unemployed. Then there are those who might wish to enter the labour force but who hesitate, and so on. Of course, there are those who are entering and re-entering the labour force.

The first figure we might consider is that the department dealt, in the last year of record, with some 4 million registrations. This means that there are a great many "in and outers." There are something like 800,000 officially unemployed, and you had 4 million registrations. This is a ratio of at least 4 to 1. Of those 4 million, my understanding, from the figures of the annual report and the figures you have given us, is that your placements amount to about one million—which is about 25 to 35 per cent of the total placements. Obviously you are doing part of the job and, as you have indicated, the most difficult part of the job, because you are dealing with those for whom it is hardest to find employment. Could you give us, Mr. Minister, that general breakdown of those whom you would wish to deal with, or the public would wish you to deal with, in the whole manpower program—that is, over and above the UIC unemployed?

Hon. Mr. Andras: Yes. We are on the same basis statistically. When you refer to the UIC unemployed, this is the claimants' roll really, the general unemployment figures and rates, that form the general basis of our operations, for the growth in the labour force survey by Statistics Canada, which is a sampling operation, on the one hand, and the unemployment insurance claimant roll which also produces statistics, and they are not necessarily the same. That is not to say that they reflect an aberration as between one and the other, but because our method of collecting information for the unemployment insurance record is slightly different, and this is in the process of being adjusted so as to conform more to the labour force survey. Our unemployment insurance claimant roll includes people suffering from pregnancy, sickness, the part-time worker and so on, and you would really have to compare it with people who are on regular benefits who are actually on lay-offs or who have lost their jobs as related to labour force surveys. Our effort in combining and getting better co-ordination between UI and Manpower is very important. But I look upon our job as falling into two or three categories.

First of all we have to deal with what I call the mainstream of economic unemployment. There is the constant rate of turnover in this country, and I do not have comparisons with the rates for any other country, but they indicate that at any given time there are between 3 to 4 per cent of our labour force between jobs. This has been constant for

many years. This represents several categories; it represents those who feel they have more competence and more ability than their current job reward acknowledges, and so they are looking for something else. We have all done this at one time or another. Then there are those who lose their jobs because of economic conditions which their employers are facing. Then there are those who, simply through a range of reasons, are what I call the hardcore difficult-to-place people in the sense that their general competence does not seem to fit what an employer requires. The large volume of all that falls into the first category, that of economic fluctuations in Canada which are so diverse because, while we can talk about having a booming economy in Canada on a national statistical basis, too often we may be talking about Toronto or certain parts of this country which do have a vigorous, healthy and tight labour market and therefore a low unemployment rate. On the other hand, at the extremities of our country—and here I am speaking not geographically but in terms of labour disparities—you have quite competent people who cannot find jobs because the industrial economic activity in that part of the country is not sufficiently vigorous for them to find satisfactory work, or indeed to find any at all. That is a mobility problem.

So I think we have to, as we are doing, step up our efforts to get at the more permanent unemployed people through community strategies, through outreach programs, through LEAP programs and through a whole series of measures which I have referred to and about which my people can give you more details later, but in so doing I think we would be wrong if we had not done what I think was right to do and that is to reconvert the whole organization to look after the main volume of people who are job-ready but who are not in a job.

Going back to the chairman's comments about this whole situation, I think up until recently it has been generally felt that the approach to employment—and that is the other side of the coin to unemployment—should be in the Keynesian sense totally responded to by government in terms of macro-economic monetary and fiscal policies, and I still think that that is the most important policy approach. It is shared very heavily, and I think we should all recognize this, by the private sector: the sum total of many thousands of decisions by industry and the private sector. But what we are saying now is that for fine tuning, and a very significant contribution quantitatively too, manpower policy can do a great deal more than it has done in the past. That gets to your question of training, mobility, working with employers, forecasting requirements and trying to influence the training mechanisms of this country which are not only in federal Manpower's hands. Preparation for a job begins when people start to school. Education is not only designed to prepare people for work, but it has to continue to be considered as one of the primary purposes of education.

Furthermore—and I do not want to be too harsh about this—we frequently pick up in our adult retraining the fact that that job has not been done properly in the early stages of peoples' education. There is a slight suggestion that perhaps the education system in this country could do with some examination in this sense too. I am sorry, senator, if I have wandered somewhat from your basic question.

Senator Grosart: Perhaps I can bring you back by asking you this one. As you said, the emphasis is on the individual to a large extent, and you are dealing with

individual human problems and, in many instances, human tragedies. The obvious question is as to how these people are living. Has there been a study made to indicate, in terms, say, of income support, what percentage are receiving their income support from unemployment insurance, what percentage from welfare and what percentage from some of your own grants or possibly some other sources?

Hon. Mr. Andras: Nobody has satisfactory figures to answer your question precisely because it is only recently that we have been beginning to refuse to accept the unemployment of a great number of people who up until now have been thought of as requiring income support with no effort being made to get them into gainful activity. We do not really know how many people there are who are ready to enter the labour force but who in fact are not in the labour force. In the community employment strategy to which your question really directs itself right now, our best guess is that there may be about 400,000 workers plus families and dependants who may fall into that category.

Senator Grosart: On welfare?

Hon. Mr. Andras: Yes, generally speaking, on welfare. So we cannot quantify this until we are much further into this whole community unemployment strategy area with the provinces, and that exercise is well on the way now.

Then, of course, there is a whole series of people who would be what we call the working poor who are in and out of jobs or who are employed in permanent jobs, or relatively permanent jobs, who are at the low end of the income scale and who for reasons of their own requirements, size of family and so on, cannot possibly exist at that level. This is on the subject of the income security review, the orange paper exercise which Mr. Lalonde and I are engaged in with the provinces. However, I can tell you that there are a great number of people in this country who could come into the labour force. It may be that their ultimate range of productivity—and that is an awful word to use in connection with any individual—could range from 25 to 100 per cent; that is, people who are very handicapped. So I suggest that we adopt the attitude that we refuse to accept easily the idea that any person is really unemployable. That is what the community employment strategy is all about.

Senator Grosart: Well, I will come back to your policy in a moment, but at this time I should like to delineate the problem where it is not simply a problem of dealing with what you call the economic unemployed. Over the years and reading the reviews that have been made—the report made in 1938, the Gill Committee of 1962 and the Economic Council study of 1964, which I suppose is really the basis of your department—one realizes that this is much more than just a problem of finding employment for those who are unemployed. But what I would like to know is this. You give us the figure of 400,000 whose income support is coming from welfare. Do you have the quantity of those whose income support comes directly from your grants? Your grants, as I understand it, are about half of your total budget.

Hon. Mr. Andras: “Grants”?

Senator Grosart: Yes. This appears in your annual report at page 5, I think.

Hon. Mr. Andras: Are you talking about job creation grants?

Senator Grosart: No, just grants. In your annual report you break down your expenditures—and I will come to that in a moment.

Hon. Mr. Andras: Training allowances?

Senator Grosart: No. I will get it in a moment. This is in table 1 at page 34 of the annual report. There you account for total expenditures of \$714 million, and you say that grants and contributions are \$339 million. Now, in effect, I presume some large parts of those grants are accounted for by individual transfers, and therefore by providing direct income support for people, that is, those who are on training, on mobility exploration, and so on. I am trying to find out where the income support comes from.

Hon. Mr. Andras: We will do this; we can do this. It is a very detailed thing. That general expression, “Grants and Contributions”, covers, as I said earlier, I thought, training allowances, local initiative programs, mobility grants, and almost the whole range of our programs under that one general heading, in that particular section, and we can give you details on that, as to how many people are involved under each program. Do you want us to do that now?

Senator Grosart: No, we do not need it now. It would be a small proportion of the total, but these would definitely be individual transfer payments. As I say, I am trying to get at the sources of income support for all those who need it and who, for one reason or another, do not have income from a job.

Hon. Mr. Andras: Well, all right, through these funds, yes. There is certainly an element of income support. We have not looked upon it as that in the sense of the definition of that expression, which is usually considered to be either unemployment insurance or welfare payments of some kind. These would be, in the main, income paid in the form of training allowances to people while they are taking either institutional training or industry training. They would also be people who are on a mobility grant, to enable them to move from an area where they cannot get a job to one where they can get a job. Local initiative grants are to sponsor institutions headed by a sponsor, and are paid out in the form of wages for the work done on a project, the same as the Opportunities For Youth programs as well. So I think that perhaps might be the subject of a very detailed presentation, which we would be glad to give you. We have it here, as a matter of fact, but I do not know how much time you want to take on this. It does not include welfare, and it does not include unemployment insurance income support.

Senator Grosart: No. I am taking this as one of the components of income support for those who, for one reason or another, do not have a job income. That is what I am trying to get at. We can take it for granted that the Manpower problem is much more than that of an employment agency, and I would like to ask you to assess, perhaps in dollar terms—which is only one method of assessment—the hardening of your various policies. I had hoped to find it in your annual report, but was not able to do so, which may be my fault. We will start with the proposition that about 50 per cent of your total budget is in the training area. This, to me, is an amazing figure, which indicates that you are much more than an employment agency. Looking at some figures, for example, I find, against the LIP program, \$72.8 million, plus \$69.8 million which is described, I think,—this is at page 36 of the annual report—as the cost of approved projects, and \$72.8 million,

which is the provincial allocation. Do we add those together to get the total amount of your budget that is devoted to job creation?

Hon. Mr. Andras: No. The provincial allocation does not mean that we have actually given this money to the provinces to deal with. This is simply a geographic breakdown of the funds allocated to the program for that particular year, 1973-1974.

Senator Grosart: What would be the total cost of the operations of the job creation branch in this year, 1973-1974, in relation to your total budget of \$714 million?

The Chairman: Are you talking purely about LIP, senator, or the entire job creation program?

Senator Grosart: The job creation branch and LIP. This is the LIP, which is one of the programs in that branch.

The Chairman: That is correct, yes.

Hon. Mr. Andras: Yes. Well, this would be LIP programs; it would be Opportunities for Youth programs; it would be the Local Employment Assistance Program—

Senator Grosart: We are dealing only with LIP in this figure that I am quoting.

Hon. Mr. Andras: Yes. In that figure you have quoted there, which is LIP alone, the total job creation—

The Chairman: But he is asking for the total LIP.

Senator Grosart: You see, the next page take in LEAP and I did not see the OFY figures.

The Chairman: Well, does it not say there, senator, that the projects approved are \$69 million?

Senator Grosart: Yes. Well, I am asking, is this the total expenditure in the year on LIP?

Hon. Mr. Andras: Between \$83 million and \$84 million is the total allocation for the Local Initiative Programs, with administrative overhead.

Senator Grosart: So this is something just under 10 per cent of your total budget—the LIP Programs.

Hon. Mr. Andras: For those programs, yes.

The Chairman: Overhead and grants?

Hon. Mr. Andras: No. Overhead.

Senator Grosart: Ten per cent. Well, now, let us clarify that. What is the total percentage or the total dollars of your budget that goes into, let us say, first of all, the job creation branch?

Hon. Mr. Andras: The job creation branch, including all of the programs I have referred to, in 1973-1974, ran to about 22.6 per cent of our total budget for Manpower, one hundred and forty-eight million dollars in round figures.

Senator Grosart: You see, what I am trying to get at, Mr. Minister, is the weight I am to put against the various activities—the placement area, the training, the job creation.

Hon. Mr. Andras: Yes. I might say, Mr. Chairman and Senator Grosart, that I believe your committee clerk has been provided with this in a letter to Mr. Cocks. This table

gives a very detailed breakdown, which you may want to refer to later.

Senator Grosart: Would you care to read that into the record? I am anxious to see, taking dollars and cents as an indication, the weight you put against each part of your policy answers to the problem.

The Chairman: Unfortunately, senator, the document that the minister is referring to is an on-going appropriation by Parliament, so I do not think that will give you the answer you are looking for. For example, it shows the LIP programs requiring \$34 million in 1973-1974. I doubt if that is the amount—

Hon. Mr. Andras: No, that is the cash flow requirement. Maybe I can get at it this way, senator. In 1974—

Senator Grosart: May I clarify it for you, Mr. Minister? I am trying to get at the percentage of your total expenditure which goes into your various policy approaches to the problem.

Hon. Mr. Andras: I can give it to you. Manpower training. I am going to give you the full pie here. Let's start with job creation. For 1973-74 job creation program costs, which include the whole range of grants actual or salaries paid to people on job creation projects, the administrative costs attributable to the projects themselves, the administrative overhead to the department attributable to job creation, was a total of \$148,275,000 or 22.6 per cent of the departmental budget. This is exclusive of immigration, of course.

Manpower training program costs—the same general inclusions that I talked about—\$394,221,000 or 60.2 per cent.

The CMC personnel costs—that is our manpower centres across the country—\$74 million, or 11.3 per cent.

Senator Grosart: Could we take that as the total cost of the placement approach?

Hon. Mr. Andras: Yes. It is not only the placement approach, but it includes the total cost of the placement approach with overhead.

The headquarters and regional office overheads—this is personnel and overhead costs—\$24.2 million or 3.7 per cent. Other employment service program costs—this would be the mobility and the manpower consultative services operation and so on, the agricultural manpower programs, and there are quite a few in there which we will give you details of—\$14 million, or 2.2 per cent. We will give you a more detailed breakdown of that. In fact, some of it, with the probable cash flow, is in the information we have provided to the committee.

Senator Grosart: What this emphasizes, to me at least, is that 60 per cent of your total expenditure is on training.

Hon. Mr. Andras: That is right.

Senator Grosart: Which give us, I think, an overview of your policy approach which is rather different from what the general public assumes.

Hon. Mr. Andras: It emphasizes that this will fluctuate as economic conditions fluctuate. I would say that local initiative is a response to economic unemployment as opposed to structural or hardcore difficulties where the CES comes into play.

Two or three years ago, it was much higher. Perhaps it will be again in the future, because the investment in job creations for that purpose may ebb and flow. It was much higher two or three years ago. One year we reached \$220 million for LIP and OFY as compared to the smaller amount we are talking about here. But the manpower training and certain aspects of job creation and the community employment strategy, as it develops, and outreach some of those, and are addressed to the intermediate and longer term responses. But, LIP is a very fast-start, short-term, rather *ad hoc* approach to economic unemployment as it may develop.

Senator Grosart: Have you estimated the composition of your manpower registrants in terms of new entrants into the labour force, re-entrants and then, of course, those who are already in the labour force?

Hon. Mr. Andras: Mr. Manion can give you some more detail on that, I think, but certainly the bulk of it is people who have been in the labour force as opposed to new entrants.

Mr. J. L. Manion, Senior Assistant Deputy Minister, Department of Manpower and Immigration: Mr. Chairman, of the registered claimants in our CMCS at any given time approximately 75 per cent of them are active members of the labour force without employment; about another 5 per cent are active members of the labour force with employment and looking for a change in jobs; and about another 20 per cent are "labour force unknown," people whose pattern of activity in the labour market is such that it is difficult to categorize them as employed or unemployed.

Senator Grosart: That would be entrants or re-entrants.

Mr. Manion: That would be, largely, new entrants or people who have been out of the labour force for some time seeking to return; people who have recently been discharged from penal institutions or mental institutions.

The Chairman: What is this percentage again?

Mr. Manion: 20 per cent.

Senator Grosart: If I may turn to a few specifics deriving directly out of your presentation, Mr. Minister, I will start with page 4. You have the statement there that this is the world's first Department of Manpower and Immigration. We all like to think of Canada innovating and having these firsts. Does that mean that this is the first time that Manpower and Immigration are put together, or is it the first time that Manpower became a Cabinet responsibility? What is the significance of that statement?

Hon. Mr. Andras: It is the first time they have been put together. A great deal of the manpower policy operations which we operate under Manpower and Immigration are in other jurisdictions and in other countries the responsibility, in many cases, of the Department of Labour. In France, it is the Department of Labour. In Germany, it is an autonomous body called the Federal Institute of Labour. Australia has now created a Department of Manpower and Immigration. They are reorganizing it into the Department of Labour and Immigration, but it, too, is manpower in the sense of its functioning. I guess that is it.

Senator Grosart: In that connection we still separate manpower and immigration from, on the one hand, citizenship and, on the other hand, the UIC. Would it be your

view that it might be a policy of the future to complete the integration again?

Hon. Mr. Andras: I see a stir of interest in certain circles here. The separation of the unemployment insurance from the employment service took place after a very comprehensive review by the Gill Committee, after consideration of the OECD examinations which went on for several years, and they were really quite profound. And in Canada, of course, as I indicated in my opening comments, the unemployment insurance went to the Department of Labour in the first instance. The unemployment Insurance Commission now does report through the same minister responsible for Manpower and Immigration. I think this is proper and correct because they are, policy-wise, very much parallel and compatible—or incompatible, depending on whether they were separated or not.

Insofar as an expression that has been used before is concerned, of an absolutely organizational integration from top to bottom, I still have some grave reservations as to whether that is the way to go at this time. Co-ordination, co-operation, policy-wise, field operational-wise, I have no doubt whatsoever it is proper and we are doing our best to effect it. I think I should stop here and say that at this stage for us to put them back together in a total reorganization combination again, as they were some years ago, would be a bit of a red herring and it would not really address itself to the end results we want to achieve, which is co-ordination and co-operation. But insofar as partially doing this is concerned, we are moving more and more to looking at Unemployment Insurance field offices and Manpower offices as being in the same building. Wherever we can effect this from here on in we will be trying to effect it. In the last year and a half since I have been around the scene I have been at every level telling the boys to get together, and on a very frequent basis, and that is taking place now. I would just stop short at an absolute melding right from top to bottom. As far as the immigration part is concerned, I would argue very strongly that it does not properly belong there. Not that the labour force or the work situation is the only factor involved in immigration. There are many other factors, but it is such an important one that I think it is proper to be under the same thing. Citizenship is subtly another matter. I do not object to the separation of citizenship from the immigration function itself. There is a line at which I believe that is properly handled elsewhere.

Senator Thompson: As I understand it, when immigration was separate from manpower, the reason given at that time was that if they were amalgamated the immigrant might suffer in the labour halls or the work opportunity halls, in comparison with the established Canadian, and that that might cause some friction if an immigrant stepped up and got the job. There are other aspects. Your overseas immigration officer has special training and understanding of the cultural background of the immigrant, which perhaps the employment man did not have in Canada, and therefore they had separate immigration officers. Do you feel that those objections have not been substantiated, those objections to bringing them together, and that you are quite happy with the melding of the two?

Hon. Mr. Andras: As it structurally stands now, immigration certainly has its own structural line of organization within the department itself. We have our officers abroad, both the manpower and immigration officers, but the concentration of emphasis is on immigration. I would say, Senator Thompson, that because it is so vital to any

immigrant or immigrant family, which is going to contain one or more people supporting that family, while there are many, many other factors that must be kept as being very important factors and recognized as such, a lot of them will fall by the wayside if somebody in the family is not connected to the labour force or able to make an economic return in gainful employment.

In the broad sense, which is developing now, is the whole question of population, looking at population policy, and so on. *Pro tem*, anyway, I have the lead role in developing population policy—which is a much broader policy than simply the manpower or labour force approach to it. But that again is a very important element of it. We have to be able to provide jobs for immigrants as well as jobs for Canadians at any given time. In looking at other matters, in regard to the population problem, I would say I am the lead minister, because I am not the only minister involved. I think it still fits very well together.

Senator Grosart: Quoting from the bottom of page 5 of your text, you say that you believe Canadians want to work. I am sure we are all generally in agreement with that. Would you relate that to what seems to be an almost contra statement on page 22, where you say that each week the Canada Manpower Centres send 4,000 to 5,000 reports to the Unemployment Insurance Commission relating to claimants who appear to be reluctant or not available to take jobs? Multiply that 4,000 to 5,000 by, say, 50 weeks and we come up with something like 200,000 to 250,000 registrants of yours that you send back, and you notify the UIC that they had better take a look at these people.

Hon. Mr. Andras: There are 10 million in the labour force. I want to reinforce my conviction, to some extent, by making sure that they have an opportunity to do what I am sure they want to do, and that is work, and that is why the services of Manpower are there, to help and advise them if they can.

Senator Grosart: But 200,000, if we take that figure, would be a substantial percentage of your registrants, that are the real problem cases in this sense of really wanting a job or needing one.

Hon. Mr. Andras: A great number of these people being referred, and a considerable number of people on unemployment insurance, are repeaters. They need help. One of the reasons why they may be repeaters is because they are constantly getting low-paid jobs. They are in the really low end, in terms of income and everything else.

Senator Grosart: But you would not be sending them to the UIC?

Hon. Mr. Andras: But we are sending them from the UIC to the Manpower Centre. That is the indication there.

Senator Grosart: No.

Hon. Mr. Andras: Of course, they go back and forth.

Senator Grosart: No, each week the Manpower Centres report them to the UIC.

Hon. Mr. Andras: Oh, yes.

Senator Grosart: They are merely people that you help.

Hon. Mr. Andras: They report to us and we report back on the findings, on what has happened. Sometimes we place them; sometimes we indicate that they need retraining.

The Chairman: I think this is more specific than that. I will read the statement on page 22 to you:

Each week, the Canada Manpower Centres send 4,000 to 5,000 reports to the Commission relating to claimants who appear reluctant or not available to take jobs.

Hon. Mr. Andras: Oh, yes.

Senator Grosart: So there is this fairly substantial percentage of real problem cases in terms of the validity of UIC claims. Otherwise, you would not be sending them back there. You are not sending them back there for their health; you job is to help them.

Hon. Mr. Andras: They have been reporting to Manpower Centres in an effort to find a job. We have found some who appear not job-ready or not job-willing. I want to make this emphasis, that a lot of those jobs that they are not willing to take are jobs that are in the very marginal terms in pay, location, working conditions and so forth. The net result is that, because there is a requirement under unemployment insurance for an active job search and for willingness to take a suitable job, based on past experience, they might end up with disqualification. You are right that we have disqualified a lot of people, very temporarily or sometimes permanently, and disqualify a lot of people on unemployment insurance. But before you lead to the conclusion that this denies the idea that Canadians are willing to work—

Senator Grosart: I did not say that. I was merely saying there is this percentage.

Senator Croll: Mr. Minister, you stated a moment ago that these were unsatisfactory jobs and your department has also been quoted as saying—or people in Toronto or someone interviewed—when asked why there are so many people here not taking jobs, in effect that these jobs they had reference to are dirty jobs for dirty pay. To confirm that, you have now a study made in your department on the work ethic, which has just been completed. I have read it and they say in effect that it is “dirty jobs at dirty pay”, the very same thing. In the light of that, Mr. Minister, how do you justify having at least three provinces pay a higher minimum wage than the Dominion of Canada?

Hon. Mr. Andras: I don't. I am not going to try to justify it, Senator Croll. I am on public record as saying that the minimum wage generally across Canada, and that includes in the federal level, is not compatible with current conditions and therefore should be raised. These are matters of timing. Perhaps the question of the federal minimum wage is more in lead activity than it is in quantity or substance. It is much more important at the provincial level, that the provincial governments look at their minimum wages, than it is for the federal, in the sense of the number of people affected. I would not object at all to seeing the federal minimum wages raised.

The Chairman: Senator Croll, we are under a time restraint and I would ask you not to get into a discussion on the minimum wage in Canada.

Senator Croll: I will not ask about that. I do not care what he does or intends to do about the minimum. He merely says the matter needs attention. For years and years we gave leadership on the minimum wage at the federal level. Now we have lost that leadership. When we have this particular problem, we ought to be able in some way to correct it and go ahead with our work.

Hon. Mr. Andras: I do not find myself in disagreement with Senator Croll but I think the thrust of the senator's suggestion happens to be in another department as regards the minimum wage at the federal level, and he might want to talk to my colleague about it, with an assurance of my support.

Senator Grosart: Well, Mr. Chairman, I have a fairly large number of questions and I do not want to monopolize the time. These are questions arising out of the statement made by the minister, so I do not know if you want me to carry on now or if you want me to turn over the questioning to somebody else.

The Chairman: Perhaps we should see if some questions have arisen from your previous questioning and then come back to you.

Senator Grosart: All right.

Senator Croll: Mr. Minister, you provide incomes and services under your department. My difficulty is this; I do not know exactly what is provided by way of initial benefit, re-establishment benefit or extension benefit. So I would like you to provide us as quickly as possible with this information so that we may know what we are talking about. You have said it is available, but I have not seen it.

Hon. Mr. Andras: Well, senator, I understood the terms of reference to be with relation to the Manpower Division estimates of the Department of Manpower rather than insofar as it concerns the Unemployment Insurance Commission. However, I have no objection whatever to getting into that question to some degree.

The Chairman: We had to make a decision, senator, as to whether or not we would get into the Unemployment Insurance Commission side of this. I know it obviously has an effect on manpower policy because of the tie-in the minister referred to, but we are hoping that the trend of the questions will not veer too far away from the Manpower Division and into unemployment.

Hon. Mr. Andras: I can let you have a general outline.

Senator Croll: I do not want a general rundown. I want to know specifically exactly what a person is entitled to and for how long he is entitled to it regionally and under all circumstances.

The Chairman: Perhaps we could ask the minister to consult with his department and to provide us with that information.

Senator Croll: Does he know exactly what is required?

Hon. Mr. Andras: Yes, I know.

Senator Carter: This is vital information, Mr. Chairman, so is there some way in which you can have it incorporated in our record either today or at a later session?

The Chairman: If we have the information at the next session I shall request the permission of the committee to have it incorporated in the record at that time.

Hon. Mr. Andras: We can get it to you tomorrow.

The Chairman: As soon as it comes it can be incorporated in our record.

Senator Croll: You said time and again that your research indicated that in the main people want to work and that actually your latest study indicates that. What

keeps you and others in the government from saying that publicly so that the public can get some idea of the situation and so that those of us who have been saying it for a long time are not looked at as though we are fools?

Hon. Mr. Andras: I am one little guy. I have said it as loudly and as often and as clearly as I have been able to. We have prevailed upon our friends in the fourth estate to highlight it, and we are going to publish the study. The only holdup is the usual logistics problem of printing and translation and it should be out in about four or five weeks. Many people have received it already.

Senator Croll: Mr. Minister, almost weekly and sometimes more often than that you will see in the larger newspapers, whether in Toronto, Montreal or Vancouver, these charges being made by the businessmen that the unemployed do not want to work. I have never heard a word from you, or at least I do not recall hearing a word from you to the contrary.

The Chairman: I can attest to the fact that the minister appeared on *Question Period* four weeks ago and made the point then.

Senator Croll: He may have done, and I do not doubt that he did, but I am saying I have not seen it in the press and I have not seen it from his colleagues. I cannot follow every *Question Period* as our chairman seems to be able to do.

Hon. Mr. Andras: I shall be glad to table my speeches.

Senator Croll: The charge is constantly made against these people and there are very few who respond to it. I have done it for years, to the point where I think that now people do not believe me. I have not yet heard it from the minister, but I know it to be true. The ministers have the studies but they have not said this publicly. They ought to be saying it publicly.

Hon. Mr. Andras: I have said it publicly and I can produce my speeches.

Senator Croll: You do not have to produce anything for me.

The Chairman: The minister has indicated that he will send you a collection of his speeches on the subject, senator.

Senator Croll: I did not understand your answer to the question that Senator Grosart raised when you said you had some input into the welfare system from your department. You may have an input into a man who may be going on welfare but what input have you into the welfare system?

Hon. Mr. Andras: The Income Security Review, which is a collaboration between myself and Mr. Lalonde, has brought about in its process the development of community employment strategy, and I could add, in the job finding and placement drive, to which I have referred earlier, the prime purpose of which was to get a better connection between unemployment insurance claimants and manpower help and placement. We also ran a plan in several parts of Canada, in co-operation with provincial authorities, of referring welfare recipients to the same program. It was a small sampling but the results were extraordinary encouraging, and this confirms my conviction that the community employment strategy will work when we can get it going.

Just to give you one example, in Winnipeg, in co-operation with the welfare organizations there and with the government in particular, we asked them to refer, and they did refer, 170 people who had been on welfare for quite some time. We applied our resources through manpower counselling, et cetera and placement of referrals, in the same way as we were doing with the unemployment insurance claimant and, in fact, with the general volume of people coming through. We placed 70 of the welfare recipients in jobs. I remember two of them in particular; and, as I said, it is not a large sample, but it is an encouraging one. One of these was a chap who had not had a job for seven years and the other had not had one for five years. As of a few days ago, anyway, they were both still gainfully employed and one had had a second job which was better than the first one. In Newfoundland, where we are also running a pilot project, we have also arranged for a stream of welfare recipients and unemployment insurance for recipients to go through this special training program.

Senator Croll: You also have the UIB program as well in Newfoundland which you are testing?

Hon. Mr. Andras: Yes.

Senator Croll: All right, then let me go one step further.

Senator Grosart: Excuse me a moment, before you go into that. I know that the Winnipeg study has been documented, but where is it documented? I cannot find it.

Hon. Mr. Andras: I made reference to it in speeches.

Senator Grosart: But it is documented. It is in print because I have read it. I am simply asking where I can find it.

Hon. Mr. Andras: I think it is in speeches and in press reports, but I am not sure if it is documented in the sense of any valuation program yet.

Senator Grosart: I know it has been, because I have read it.

Hon. Mr. Andras: I think it is one of the same speeches where I made the point that Senator Croll said I did not. We could also get some information from the Vancouver parallel.

Senator Croll: Mr. Minister, I was not quite clear when you gave this particular evidence, but I did not trouble you at that time, and here I am referring to the welfare recipient whom you reinstated or for whom you made a position available. Then you take the other experiment in Newfoundland where you take the man from the Unemployment Insurance Commission and you place him. Now Mr. Lalonde and I think the government has in mind to arrange with the provinces for what they call a basic income, whatever it may be. I understood you to say that if the man does not have a basic income, or if the man does not have a job he will get a basic income, and if he does not have the basic income, then he must be working, or you will provide working facilities or work for him.

Hon. Mr. Andras: Do you want me to respond?

Senator Croll: Yes.

Hon. Mr. Andras: The income security review is talking about income support for those who cannot work at a certain level. This is going to require some method of determining who can and who cannot work. The person

who can work, but is not working, or the person who is working but whose income from work is so low—the minimum wage or just above—related to his dependency responsibilities, family and so forth, may require income supplementation. There are two things there: there is income support for those who cannot work—a rationalization of all the programs that now exist and perhaps some enrichment; or income supplementation for what we call the working poor. Parallel with that whole effort is the employment strategy, which is my responsibility, working in co-operation with the income support aspect of it. One of the main planks in that employment strategy that is addressed to this group of people is the community employment strategies to which I referred. You know, I still think that the best way to look after the working poor is to put them in a position to get good jobs.

Senator Croll: I agree with you entirely; but let us see what we do agree on. Let us forget about the people who are not in the labour force. They are looked after, and they do not enter this particular problem. We are dealing with the man whom we will call the working poor, and we have him as our example. Now, for him you can supplement his income. He has a job, so what you have to do is find some way of supplementing his income, and you will find some way. Then we have the other man, who does not have a job at any sort of wage at all, and for him you will provide work in the community, locally, in some way or another, in the community working plan. Is that correct?

Hon. Mr. Andras: Partially. It is correct as far as it goes, but the community employment strategy goes much further than that.

Senator Croll: Well, go as far as you like. I want you to go further than that. That is what I am getting at. What you are saying is, in effect, that you are an employer of last resort for these people.

Hon. Mr. Andras: Well, in some cases that may be so.

Senator Croll: Well, when is it not so?

Hon. Mr. Andras: Through the community employment strategy. The very reason we changed the description from "community employment program" to "community employment strategy" is to try and illustrate that it is going to be much broader in its application than simply a government direct job creation effort.

It may be that there will be no other answer for certain people, because of their handicap. The word "handicapped" needs definition, too, but let us not go into that now. We know what we mean. It may be, as I say, that there will be no other answer for certain people, because of their handicaps, than government job creation programs ranging from a sheltered workshop to the LIP type of program, or that kind of thing. It may be the only answer for certain portions of the people whom we are trying to help. Others we may help through a period on a direct job creation project where they, as it were, can gain confidence and experience in working and work habits, and that sort of thing, or it may mean, through individual interviews, attention and counselling, that these people simply need a training program to equip them with the skills by which they will make their own way in the private sector.

We intend, through the community employment strategy, really, to identify, for the first time, all the bag of programs that we have at the federal level, that the provincial governments have at their level, that the social agen-

cies are operating at their level, and bring the private sector in as well, with the emphasis that this is going to be co-ordinated so that we do not duplicate what we are doing as among the federal, the provincial, community, private sector, or social agencies. We want to make sure we do not duplicate these efforts and pile a lot of things in this corner to the neglect of some other things in this corner. This is going to be co-ordinated between ourselves and the provincial governments as the main agent in this activity, but we are going to reach out where we can, to identify with a community and get the members of that community working on it too. We are even going to reach beyond that, to the employer groups in the community to talk about hiring a percentage of people who are handicapped, in jobs that they can do, rather than just automatically shove them aside. There is a whole range of things.

The Chairman: Senator Grosart, did you have a supplementary to that?

Senator Grosart: I have just found the reference I was looking for about the welfare recipients who have been placed. This is a report of the Special Interview Program—the SIP—which the minister referred to, and I suggest that it might be important. It is very much a feather in the cap of the department, and I am sure it is a great source of satisfaction to those concerned, that 115,000 claimants were referred to Manpower Centres by the Unemployment Insurance Commission for the program. Fifty-one thousand hard-to-place workers have been selected from the files, including a large number, and I quote, “of welfare recipients.” Seventy-four thousand were referred to jobs, 15,300 were placed, and 900 were referred to occupational training. In the Winnipeg area—and I will just summarize it—54 per cent of those welfare recipients who reported to CMCs were placed, including two who had been on welfare for from five to seven years. I think this is a very, very remarkable accomplishment.

The Chairman: Did you have a supplementary, Senator Thompson?

Senator Thompson: I think it is a supplementary. With regard to occupational training and retraining, you have suggested you are the second among the countries we have mentioned in expenditures and amounts put into this. Do you have the figures on those who have gone through the training and who have got jobs from this training?

Hon. Mr. Andras: Yes. Mr. Manion, do you have those figures for one year? Or are they to be given in a future presentation, on what happens after training?

The Chairman: Senator, we will be having a submission on the full training method. Perhaps, if it is agreeable to you, this could wait until that time.

Senator Thompson: Certainly.

The Chairman: Thank you.

Senator Croll: The minister's answer to my question is quite satisfactory from my point of view. He has indicated that it extends beyond what I said about being an employer of last resort. He was looking for a great deal of employment for these people who needed it, whether they were the working poor or people who were on welfare, or whatever it might be. I will leave it at that and come back if there is time.

The Chairman: Thank you. Senator Carter?

Senator Carter: Thank you, Mr. Chairman. I would like to begin by referring to Senator Croll's remarks to the effect that he had not seen any press accounts of any statements from the minister to the effect that Canadians—or a good proportion of them—generally, want to work. I must tell Senator Croll that he does not read the right newspapers, because I have certainly seen press accounts of it. I think I have some in my files. I will be glad to send some to him.

I would like to follow up Senator Croll's line of questioning, however, or one particular line of questioning, in this manner. I think that probably there is a problem in that area, and it probably arises from attitudes that develop in people because they lose sight of either the concept or the purpose of unemployment insurance. They lose sight of the concept that it is insurance against an emergency when they are laid off, and they concentrate on the insurance aspect of it, apart from the emergency feature, and from that they logically say, “Well, I am insured, and I have paid in a certain amount of money now for a certain amount of time, and as with all insurance programs I am entitled to certain benefits, and if I do not take these benefits now I am going to lose out.” So they build up that attitude. What I want to ask is, is your department doing anything to offset the growth of that type of attitude?

Hon. Mr. Andras: Yes. We recognize that, too. There is, among quite a few people, the idea that since they have paid in, then they have an equity in the plan and they are therefore entitled to benefits from it.

In fact, it is like a term insurance policy, where you are entitled under certain defined conditions which are in the act and the regulations. We embarked a year or so ago on an information program which all our offices across the country have, including the printing of booklets, the distribution of information in many forms to acquaint claimants of their rights and their obligations under the act.

The Chairman: If I could interject there a minute, Senator Carter, we are in danger of moving a little more into unemployment insurance than the ambit of our hearing allows. If you could relate your question to Manpower, and if you could relate your answer, Mr. Minister, more to Canada Manpower, it would be helpful.

Senator Carter: My question is along the lines raised in the minister's brief, where he dealt with this aspect.

The Chairman: I am not suggesting that we do not flirt around unemployment insurance. I just want the question to relate to the subject we are dealing with.

Senator Carter: Well, it is part of his manpower policy to encourage people to at least, as he said, realize their obligations under this program.

Hon. Mr. Andras: Yes, we are making extensive efforts to make sure that people understand both sides of it—that is, the obligations as well as the rights. There is that underlying view that, “I have paid into it for X number of years. Therefore, I am entitled.” Well, so they are. But they are entitled under the conditions of entitlement as defined in the act and the regulations. I suppose it will be a running problem. We are doing our best to make sure that people understand.

Senator Carter: I do not think, Mr. Minister, with all due respect, that sending out pamphlets is going to do much good.

Hon. Mr. Andras: We have films, we have interview techniques, we have converted unemployment insurance offices into much more personal contact arrangements. We try to interview at a much earlier stage of the claim than we used to. The whole arrangement of referrals to Manpower Centres is part of this same effort to make sure that people do understand what they are entitled to and what they have to do for that entitlement.

Senator Carter: Are you doing anything on radio and television?

Hon. Mr. Andras: We have done that. We ran a series of programs some months ago. There is, of course, always the other side of these arguments as to how much we can spend in order to acquaint people with what the laws are. But we have done that, yes.

The Chairman: Do you have a supplementary, Senator Thompson?

Senator Thompson: I was wondering if the minister was happy with the successful development of private agencies which are obviously thriving. Why are they thriving, is the question.

The Chairman: I do not think that is entirely a supplementary to Senator Carter's question. Could we come back to that later?

Senator Grosart: May I ask a supplementary which I think is relevant here? We cannot very well avoid bringing in the Unemployment Insurance Commission in view of the fact that the majority of clients of Manpower are unemployment insurance claimants. Perhaps we could have the percentage, but the question I should like to ask is for how many years was the unemployment insurance fund in net balance on an actuarial basis, and how long has it been in terms of imbalance in that it had to be supplemented out of public funds?

Hon. Mr. Andras: Within the act, senator, as it now stands, there is no such thing as an unemployment insurance fund per se.

Senator Grosart: But I say there was.

Hon. Mr. Andras: Before 1971.

Senator Croll: If I were you, I would not ask about it, senator.

Senator Grosart: It's all right, I know the years, so don't worry about it. I remember the complaints you made about it then.

Hon. Mr. Andras: The act, as revised in 1971, said that the cost of unemployment insurance benefits and the administration of the commission would be borne up to a level of four per cent unemployment in Canada by the contributions in the form of premiums paid by employers and employees, and the rate was struck. The rate is adjustable by the terms of the act. Beyond four per cent and certain aspects of the special benefits paid—and Mr. Tucker will correct me if I am wrong in detail here—it is to be financed by the Consolidated Revenue Fund, from the general tax receipts to the government. There was a ceiling, if you recall, in the first act, of \$800 million from government funds.

Senator Grosart: I was not going to go into that.

Hon. Mr. Andras: We fought that battle. Legislatively, we won that battle. I do not think it was ever really correct that there should have been a ceiling at that time. There was an obligation to pay unemployment insurance to people entitled to it, and you cannot cut it off in that sense. We have to administer it firmly and fairly, but you cannot cut it off.

Senator Grosart: I was not asking about the rationale but for the facts as to what point it seems to be in net balance actuarially. That was certainly the concept at the start. I am not saying that it should be the concept now.

Hon. Mr. Andras: It may have been the concept in the act before 1971, but it was not a concept applied to the new policy as included in the act after 1971.

Senator Grosart: I know that.

Hon. Mr. Andras: It was out of balance I think in 1962 or '61 or '58 or '59. Something like that.

Senator Grosart: We are dealing with an important change in the concept, which is all to the credit of your department. I do not know why you are shying away from it.

Hon. Mr. Andras: I am not shying away from it. I just do not agree that the act had a provision for funds in balance or out of balance.

Senator Grosart: I am not saying it did.

Hon. Mr. Andras: At any rate, we can table the earlier information.

With respect to the employer-employee account, the premium rate, up until the time I had the onerous duty to raise it in the Fall of 1973, did produce a deficit which was provided for in the legislation as a loan from the government to that account until it could be brought back in. That deficit has been chewed up at a fairly rapid rate right now. We will have an operational surplus in 1974 of approximately \$83 million to apply to the accumulated debts of the past. We will wipe out that deficit within two or three years from now. But that is not an unemployment insurance fund per se. That is the receipt of premiums versus the pay out of costs chargeable to those premiums, and it will be in balance in a year or two or three.

Senator Carter: Mr. Chairman, I should like to direct the minister's attention to table 3, which Senator Grosart referred to, concerning the job creation program and local initiative program. I am looking at page 36 of the annual report. Looking at that table, apart from Prince Edward Island, which has about 45 per cent or nearly half of its projects approved, I see that the other provinces seem to remain in the area of 25 per cent, except for Nova Scotia which goes down to 20 per cent and Newfoundland which goes down to 15 per cent. I wonder why Newfoundland is so far below the general average.

Hon. Mr. Andras: We can go into more detail later, but I can give you a general answer, that we are allocating, as between regions and therefore provinces, the Local Initiatives Program funds on the basis of what I would claim to be an increasingly sound and sophisticated base, of unemployment. In the 1974-75 program, the current one, we have said that there will be a minimum allocation to each constituency of a certain amount, \$75,000. All of the rest of the funds will be apportioned by a formula that recognizes unemployment in excess of 4 per cent in a constituency.

Then you get a per capita unemployed above 4 per cent at that floor level, and you allocate the funds accordingly.

On the other side of this, there is the point that there are variations in the number of projects and there are variations in the quality of projects submitted across the country. But we do not have unlimited funds for all this. We need to have some formula of allocation.

Newfoundland and the Atlantic Provinces and portions of Quebec, where unemployment unfortunately has been higher than in other places, get, relative to the numbers unemployed in those provinces, a much bigger share than others. Ontario may have a lower unemployment rate, but the quantities are very high.

Senator Carter: That is not my point, not what Ontario and Quebec and all these other provinces you are talking about, did get. I am talking about the number of applications sent in and the number of applications approved.

Hon. Mr. Andras: That is what I say. The number of applications approved is based on the allocation of funds to that area, in the first place.

Senator Carter: How come that all the allocations of funds to the other provinces range around 25 per cent, whereas Newfoundland only amounts to around 15 per cent?

Hon. Mr. Andras: Because I think Newfoundland submitted a greater number of applications for projects—

Senator Carter: No.

Hon. Mr. Andras: —in relation to the funds that were allocated.

Senator Carter: I am coming back to the cost. In the last two columns, you have the cost shown for the provincial government as \$4.3 million and the provincial allocation as \$4.5 million. Does that mean, as regards the total cost of the 15 per cent, that you have to add the two together to get the total cost?

Hon. Mr. Andras: No. I think Senator Grosart made this point. The cost figure in the second column from the right is the actual expenditures.

Senator Carter: That is what is actually expended?

Hon. Mr. Andras: Yes.

Senator Carter: How much of that would the provincial government be paying?

Senator Grosart: I think you raised it up to about 82 per cent, from that 69 figure.

Hon. Mr. Andras: There is an administrative overhead, too. The outside column was the original allocation. The other column is what actually was spent.

Senator Carter: What I am trying to get at is that the provincial government in Newfoundland allocated \$4.5 million.

Hon. Mr. Andras: The words "provincial allocation" should not be taken to indicate that this is what the provincial government paid. This was our allocation by province.

Senator Carter: That is what you allocate to the province?

Hon. Mr. Andras: That is what we allocated to the province, based on the formulas that I have described.

Senator Carter: I understand now. So they used up their allocation, whatever it was, over 15 per cent, whereas the others spread it over 25 per cent?

Hon. Mr. Andras: No. They used up their allocations—there was a lapse of \$2 or \$3 million there, but that is a cash flow lapse really. It does not mean it is lost to them if we have to deal within a fiscal period.

Senator Carter: I will leave that point. On page 8 of your brief you referred to placements. Under the heading of placements you give a total for 1973-74, 1,042,724 placements, and it is probably up to 1,200,000 in the current year. How do you describe "placement"? If a person is placed four times, is that four placements or one?

Hon. Mr. Andras: This is by the criteria established. Mr. Manion will give the details of it.

Mr. Manion: A placement is a regular full-time placement in a job that will last a week or longer. If a person comes back to us after having worked in a job for two, three or four months and he is placed again, this will be counted as a second placement.

Senator Carter: So the same person can be placed 20 times in the run of a year?

Mr. Manion: That is right.

Senator Carter: These statistics do not give us very much information, really. Have you comparable figures in man-hours or man-years for each province?

Mr. Manion: No, these are not available.

The Chairman: I should like to ask a supplementary question on that point. In one of your tables in the annual report, 1973-74, talking about placements, you say that you received 3,950,000 client registrations and placed one million of them. That is about a quarter. Can you explain the variation between those figures?

Hon. Mr. Andras: The difference between registrations and placements?

The Chairman: It is table 2 on page 35 of the annual report.

Mr. Manion: The registrations are the records we have in CMC of people who are actively looking for work. A person can register with us, find a job, cancel his registration, and six months later register again, so the figure of approximately four million registrations means that the Manpoer Centres have registered that many people, including some who have registered more than once. The percentage of placements to registrations is simply a statistical ratio.

The Chairman: And the referral is what, Mr. Manion?

Mr. Manion: A referral is a formal referral of a specific individual to a specific job. We make several referrals for each placement. An employer might want to see five people for one job. In that case, there would have been five referrals for one placement.

Senator Carter: Looking at the expenditures at the bottom of page 13, our expenditures rose from \$190 million, roughly, in 1968-69 to roughly \$400 million. During that

same period, Sweden jumped from \$415 million to \$852 million, more than double. Sweden has a much smaller population. That seems to me a fantastic comparison, of Sweden with 8 million people and ourselves with 22 million people.

Senator Grosart: That is the training program only.

Hon. Mr. Andras: Yes.

Senator Carter: How come that Sweden so compares with Canada, with a smaller population? I always had the concept that Sweden was much better equipped with vocational and industrial training than we were in Canada. How come they have to spend all this money, as compared with Canada?

Senator Croll: That is why they are equipped.

Senator Carter: No, no. They were equipped in 1969. In the last three years they have had to double it.

Hon. Mr. Andras: I think I can answer somewhat facetiously, that my colleague who runs the manpower training service in Sweden has been able to convince his colleagues more than so far I have been able to convince my colleagues to fund the training operation. I am not sure that I would say we had to go to that level. This gets us back to the question of objectives, Senator Grosart, which we are working on now in a more refined way. I was not satisfied with the way it was before. We also have to associate it to the training spaces that are available, particularly in institutional training. There is a big element in industrial training that I do not think we have totally exploited yet. I can only answer, Senator Carter, that they have chosen to go this route with more emphasis. We are second, as we indicated, of the OECD countries, but Sweden has certainly escalated its expenditures.

Senator Croll: We should try harder.

Hon. Mr. Andras: I would say, as a matter of interest, and there is a purpose to my saying it, too, that Sweden by legislation has an open-ended legislation which permits their agency—it is open-ended as to the investment they can make in training. We have to go for a vote approval on our training budget every year. I will leave that one hanging in the air. We have to have parliamentary estimate approval every year for our budget, whereas Sweden has by legislation an open-ended program.

Senator Carter: Have you made any other comparisons with Sweden apart from the expenditures?

The Chairman: I think Senator Grosart has a supplementary.

Senator Grosart: On that, Mr. Minister, you say that we were second, and yet on the next page you say that Sweden's was less than West Germany's. Is that in labour force turnover?

Hon. Mr. Andras: I think that is the current change that is taking place now. West Germany is running into some changes in their situation with a particular rise in unemployment.

Senator Grosart: In other words, can we say that the general trend in advanced industrialized countries is to larger and larger percentages of available funds for manpower being channelled into training?

Hon. Mr. Andras: Yes.

Senator Carter: I should like to know if any other comparisons have been made with Sweden, apart from the question of expenditures. Have we prepared programs, the types of programs and the number of programs?

Hon. Mr. Andras: Yes, but it would take quite a while to give you a range of detail on it. I myself have recently visited both France and Germany to get more detailed first-hand knowledge of this.

Senator Carter: Perhaps you could have this information supplied at another session. I imagine that one day when we get into the training aspect some of the officials will be able to deal with this.

Then I should like to turn to page 15, and I would like to ask you if it is realistic in this day and age to include people of 14 years of age in the labour force.

Hon. Mr. Andras: I can only express a personal reaction. It is the policy of the labour force survey of Statistics Canada to do so. There is a great deal of argument about that, senator, it may be less relevant as our education time-frame lengthens out as it has been doing over several years. At what age should one cut it off? Should it be at 16, 17 or 18? We have looked at this and the numbers involved at 14, 15 or 16 are really quite small so we do not think it really has a significant effect in distorting the unemployment figures, as some people claim it has. I think we have a breakdown of that. In the age range of 14 to 19 you get a fairly significant number, but what age would you substitute as a minimum?

Senator Carter: Well, in a society that is becoming increasingly industrialized and where more and more skills are required, how can you expect a person of 14 years or even of 16 years to acquire the skills that are really needed in an industrial society?

Hon. Mr. Andras: I think there is another argument against it too and that is the one I was referring to a few minutes ago, that years ago people finished school at a much earlier age and in consequence they had less education. Today most people are staying in school and are going through the high school years and so they are older when they leave.

Senator Carter: My point is that this is increasing your hard core of unemployed people because these are the people who drop out of school. Generally the teachers are glad to get rid of them, so they come out without having acquired any skills or any real education.

Hon. Mr. Andras: There is a counter-argument I can give you, although it is not a huge quantitative one. As you know, in our student summer employment programs we have young people of 14, 15 and 16 who are looking for temporary work, and we are trying to create jobs or trying to find temporary jobs for them during the summer. If we abandoned the statistical backup information on that we would probably be floundering.

Senator Thompson: I have a supplementary to that. I do not think it distorts the total picture very much, but in speaking of the 14 year-olds to the 19 year-olds I imagine we would be looking at apprenticeship programs and things like that. The question the minister raised is that perhaps in the schools in some ways they are not answering the needs for job training. Perhaps we should be looking much more carefully at the question of training on the job.

The Chairman: Senator Thompson, that would be our intention when looking at the training programs.

Senator Carter: To that extent are you emphasizing or concentrating on apprenticeship programs for this group?

Hon. Mr. Andras: We have not been satisfied with the apprenticeship approach, and Mr. Manion can give you a great deal of insight into that area. But we have been developing, and hope to launch fairly soon, a much more effective program called Careers Canada or Careers Province which is going to be aimed more at that group of people to make them job-ready. A whole series of tools is going to be used and it is hoped to have contact with guidance counsellors in schools and to have information going to people in the early stages of high school, at least, and certainly in the final stages of high school so that they will know what kinds of jobs are going to be available and what kind of training they will need for various occupations and so on. Thus they will be able to begin to tailor their education training, even at that stage, with some goal in mind. As you know, there was a period when everybody wanted to be a sociologist and was going to head for university to take training in sociology, with the result that there were many, many sociologists who could not get jobs. Then it swung to engineering, business courses or other things like that. Teachers were a good example a few years ago. There was a big build-up in the educational system and there was a suggestion that all sorts of teachers were needed, and they certainly were, but there was perhaps an over-investment of individual time put into becoming teachers and then as the primary schools began to shrink after the flow-through of the baby boom of the 1950s we had at one time 27,000 teachers on our unemployment roles. So, better information in the schools and to students about what types of jobs, skills and proficiencies will be required in the future will help them to make their own decisions. We also hope that the training institutions themselves will reflect this.

Senator Manning: Mr. Chairman, I would like to ask the minister to comment on three points. Are any steps being taken at the present time to try to develop a more realistic formula for arriving at the number of unemployed in Canada? It seems to me that our present formula does result in a very debatable figure, in that many who are listed as unemployed are probably temporarily self-employed or have left their work for the simple reason that they are looking for a better job, and other things of this kind. The group of unemployed I think we are most concerned about are those who are unemployed through no fault of their own or because there is no work available for them. I suggest that the present statistics do not accurately affect that situation. Is anything being done about this?

Hon. Mr. Andras: There has been a great deal of debate and argument about this. As you know, this is Statistics Canada's responsibility through the labour force survey, and they adopted some years ago the technique of sampling some 30,000 homes or 30,000 people to produce the labour force survey and, in consequence, the rate of unemployment. In Britain still and in France, so far as I know, it has been on a registration basis, usually in connection with the employment service, which is my kind of operation. The argument has convinced me that perhaps the registration arrangement is not the best, and these countries are moving away from that to our system, which parallels the method used in the United States. I know it does raise this question, and I can only tell you that Statistics Canada is

moving towards some refinements of their operation which will probably not be available until 1976. But they are conscious of this and they are trying to refine their sampling techniques.

Senator Manning: Well, I want to emphasize that I think it is tremendously important, under present economic conditions, because the psychological effect alone on the attitude of people towards the economy and society—when they assume that there are X hundred thousand people unemployed, whereas the actual number of people who are unemployed because they cannot obtain work through no fault of their own is perhaps only a portion of that amount—is a pretty serious thing.

Senator Grosart: It may be more.

Senator Manning: I think there is all the evidence in the world to show that it is significantly less.

Hon. Mr. Andras: The fact is that the labour force survey is not including people on reserves, for instance, so you might take some of the water out of the statistics in that way; but if you wanted an all-inclusive figure you might find that you were not winning that battle.

Senator Manning: I think it shows just how urgent it is that we should get something realistic in that field.

My second point is that you have emphasized the policy of yourself and your officials in trying to humanize the Manpower department, and I think you are to be very greatly commended for that. I am wondering, however, if, in the concern for the desires and requirements of the individual person who is unemployed, anything is being done to meet the comparably important concern of the employers who are looking for employees to carry on essential services, particularly those that relate to the productivity of the country. I come from a region of Canada where unemployment is very low compared to the national average, and where this problem is extremely serious in the agricultural industry. Here we have an industry which is vital to Canada's interest from the standpoint of productivity, and yet a substantial number of agricultural operations are being phased out for no other reason than the impossibility of getting employees. It is useless to say to this category of employers that the answer is to jack up their wages, because in many branches of agriculture there are areas where the selling price of the product is controlled. They have no say in what it is to be. If they had to go beyond a certain figure it would mean loss of income and bankruptcy at the end of it. Are there any programs under way in Canada Manpower designed to give more attention to the plight of these categories of employers, who, as I say, are vital to the national interest, but who simply cannot, today, obtain employees, partially, at least, due to this greater selectivity on the part of the employee himself who says, "I won't take farm work! I won't take dairy work!" and so on?

Hon. Mr. Andras: We are extremely concerned about that, Senator Manning. As I indicated earlier, we are very, very determined that we will have a better understanding of the employers' requirements. We are doing this by means of several programs. I am now giving you a general response, and then I will come to agriculture in particular in a minute. We are trying to improve the situation by means of many methods, but a very important one is in having many more contacts by our manpower people in the field with employers. I think I indicated earlier that this is being effected in one sense by the change to job informa-

tion centres, which is not simply a structural change but is a very deep policy change. Our counsellors, who are trained in these services, are now getting out and making employer visits, which they were supposed to do before but which they simply did not have time for because of all the paper work they were involved in. To an extent, I can only give you a bare idea of the success of this by the number of visits where they go and sit down with employers and say, "What kind of people are you looking for? What kind of skills do you require?" Furthermore, they are dealing with it from the point of view not only of today, but from the point of view of two or three or five years from now. They are searching locally, regionally and nationally, and in the final analysis, when we have gone through everything else, we will look at recruitment abroad if necessary. The number of employer visits by our people in this last year, as compared to the previous year, has stepped up 100 per cent.

We are also developing much better occupational forecast information—again, through the information we get from employer contacts and employer discussions, as to what skills they are going to require in the future. Now, we cannot ignore the fact that employers themselves have to take a realistic view on the problems. We are not in a country where we could countenance indentured labour. We are not in a country where we could possibly do that. We might cut people off benefits, which might be an incentive to go to work, but that does not answer the other side of the problem, which is whether they actually do go to work. The employer has a job to do to look at the realistic standards that he is asking for. We are conscious of this. They are the other partners in it as well as the employee. We are adopting a much more active, aggressive, if I may use that word, stance to market people who are looking for jobs and to have employers help in finding people to fill those jobs. But it means some adjustment there as well.

In the agricultural area, I should like at one of the future meetings of this committee to have Mr. Manion present to you some of the initiatives we have taken in the last year or two through the agricultural manpower federal-provincial co-operative efforts, through the farm labour pool arrangements and through a whole series of measures which we introduced about a year and a half or two years ago which are having very considerable success. They range from having a centralized—that is at the local level, not nationally—a centralized exchange with farmers and food growers, as to their needs. Too often we got this demand a day or so before the requirement. It also involves housing for workers, working conditions beyond wages, and a whole series of things like that. We also embarked very heavily on trying to get young people more interested through career counselling, and so forth, in farm work and agricultural work. There was a whole series of programs. I think I would finish by simply saying that we are very conscious of this and that we have developed a series of tools recently that I think are beginning to show up as having some effect. We have a long way to go.

Senator Manning: Some of those programs in the West have been effective in this last year, but it is unfortunate from the standpoint of Canada Manpower that, to the best of my knowledge, in the agricultural communities, the majority of farmers will tell you that if they advertise in the local papers they are more apt to obtain employment than if they go to the Manpower office. That feeling prevails, and it is not a good feeling to have.

Hon. Mr. Andras: No, it is not. We have not totally earned our way out of that kind of criticism yet, but I do think that when you are all finished you will be able to convey to them, not so that we will look better but for their benefit, that there are better services now than they are justified in claiming, based on their experiences of two, five or ten years ago. We are sympathetic and we are conscious not only of matching people to jobs but, in the whole sense of that field, of producing food. It has to be done.

Senator Manning: With respect to the matter of training programs, is there assistance that is made available to industrialists for in-service training of personnel?

Hon. Mr. Andras: Yes.

Senator Manning: What is the nature of that?

Mr. Manion: About a year ago we integrated into one program, called the Canada Manpower Industrial Training Program, several previous, small efforts aimed at the private employer. Now it is possible for an employer to get assistance in training his workers provided there is some public interest in the matter. If the employer already has a training program which he has launched on his own, funds will not be available to subsidize that. But if he undertakes to start a new training program or to take on and train disadvantaged workers or train workers in skills that go beyond his own needs that are portable within the industry, then there are funds available, and this section of the training program has increased quite substantially over the past five or six years. In 1967-68 it involved about \$1 million. It has increased to about \$35 million in 1974-75.

Senator Manning: In that regard, Mr. Chairman, has any concerted effort been made to closely relate training, particularly in-service training, with the problem that you find on the part of labour particularly, where there is a great fear of technological progress, automation and so on, because in so many cases they regard it as simply meaning they are going to lose their jobs? It has seemed to me, at least, that if we could relate to those areas, where technological progress is threatening the employment of men, a program under which, if they lose their job because of technological progress, they become eligible for some special training, perhaps, to take away this fear of technology, it might be of considerable benefit.

Hon. Mr. Andras: I would say this has been one of the most successful industrial operations in my mandate. It relates to a group we call the Manpower Consultative service. This operated under Mr. Jack Boyd, who was under the direction of Mr. Manion. Mr. Boyd is now the Regional Director General in Ontario. Where we move in in anticipation of technological change or a plant shut-down or that sort of thing, we have to go in with the agreement of both the management of the enterprise and the union. We have had literally dozens and dozens, if not hundreds of cases, across the country where this has taken place, and the end effect has been very very encouraging to enter into a manpower incentive assessment agreement which includes mobility, training, placement services brought in on the spot, with a special arrangement and a special effort to cushion the change, the reduction in work force which may take place as a result of the change, as a result of the technological introduction of automation, and also in the more severe cases where there is a plant shut-down. That service has been expanded, regionalized and decentralized now. It was for some time in headquarters

where the groups had moved in. Now we are spreading it out across the country. British Columbia has had some very good successes recently in anticipatory action of this kind, where they have been working with the management and the union of these particular plants. I am rather encouraged by its activities to date and its potential for the future.

The Chairman: There is a program called the Canada Manpower Adjustment Program, of which we will get the full detail in subsequent hearings.

Hon. Mr. Andras: Mr. Chairman, I would like to make one point back on the agricultural manpower activities of the department. I would like to give you some indication of at least the modest improvement that is taking place. The placement by Manpower Centres of agricultural workers in 1969 was 67,000, not an immodest amount. It is up now, in 1974, to 75,000 placements in agriculture. This includes Canadians being brought to the location. It does not include the Caribbean, the offshore seasonal worker, which is another 5,300 in 1974. That will get us up to about 80,000, plus the European student exchange worker program, another 1,500. Each of these has increased. There is the international youth employment exchanges, the United States-Canada farm worker movement, and so on. It is numerically and in fact improving, so we are now at the rate of 100,000 for those, plus the placements in the farm worker pool programs. That program did not exist a few years ago.

Senator Manning: These figures are encouraging, but I would like to point out that you will probably find in that area that the number of placements is far more than the number of cases of employers whose needs have been met. I personally know where there have been five or six men sent from Manpower to the same place during the season and the longest they ever stayed was two or three weeks. This is a placement, but the man takes it as a temporary job because he is broke, and when he gets his second pay cheque he takes off.

Hon. Mr. Andras: As to the farm labour pool, I would advise you to examine that new program.

Senator Neiman: I refer back to a statement Mr. Manion made a few moments ago regarding the Manpower Industrial Training Program. I understood him to say that if an employer already had a program in progress no funds were available. If he commenced a new one, there were funds available. That would seem to me to penalize certain employers who may have had the initiative, with rather limited funds, to go ahead on their own. I am wondering about the philosophy of this. I am wondering why an employer who may have very limited funds would not be assisted in a program he has already instituted.

The Chairman: It penalizes the good guy.

Hon. Mr. Andras: I suppose you always have that problem. You can apply that to DREE grants. Some of my business friends use a very good expression. When they get a grant, that is an enlightened government policy; when their competitors get grants, that is damn socialism. So, it depends on who the recipient is.

What we are trying to do is invest our resources in creating programs which would not otherwise exist and which would be beneficial. We do, however, have limited resources, and in that sense there has to be some discrimination.

Perhaps Mr. Manion could speak to the specific rules by which we make grants.

Mr. Manion: The basic criterion is that the funds under the program should not be used to pay for activities which the employer would normally pay for himself, and one good indication that he would normally pay himself is that he is already running a training program. Even when the department assists in starting up a new training program, it will only assist for the first couple of courses and the employer must understand that, once it is flowing, he must carry it on himself.

When the program began originally, it was a carryover of the old Technical and Vocational Training Act and agreements, and at that time most of the grants went to very large, very wealthy corporations, such as IBM, the railways, and so forth. At the present time, most of the grants go to employers with less than 10 employees.

Senator Neiman: Perhaps we can get back to that on another day.

The Chairman: If I may just interrupt for a moment, Senator Neiman, the minister has an appointment which he has to keep. I have asked him whether he would be available to appear before the Committee next Wednesday to continue the questioning. We need, I expect, another hour and a half.

Senator Grosart: We will need another full morning if we are going to match problems to policies, Mr. Chairman. Understandably, we got into a great deal of detail, the examination of which is programmed for later hearings. We got away from what you stipulated to be the purpose of this first meeting. There are still many other questions.

The Chairman: It is sometimes difficult to separate the two. We will, of course, be going into more detailed sessions.

We expect to hear from the Canada Manpower Centres next Thursday. It would be preferable to have the minister come back on Wednesday.

Hon. Mr. Andras: I would have to look at my schedule. Offhand, I cannot tell you what Wednesday looks like. I would certainly be agreeable to joining you again very soon. Perhaps we could leave that in abeyance.

The Chairman: We will have to, yes. Are honourable senators agreeable that the meeting adjourn now and have the minister return, hopefully, on Wednesday morning or, alternatively, around 4 o'clock on Wednesday afternoon?

Senator Carter: I would prefer 4 o'clock on Wednesday afternoon.

Senator Grosart: We will have to meet at the minister's convenience, in any event.

The Chairman: Yes, of course. Is that agreeable?

Senator Grosart: Could I make one suggestion, Mr. Chairman? We have been trying to match problems with policies. Would it be possible for the officials to give particulars about page ix of the annual report, where there is a list described as "Programs and Services Administered by the Department... specifically directed toward the following objectives"? The objectives are the ones we have been talking about, the matching of jobs, training, upgrading, financial assistance, job creation, co-ordination of employment and labour-related programs and so on. Would

it be possible to have a sheet of paper putting against these the dollar expenditures by the department and the personnel, because obviously there will be a very great difference.

The Chairman: Against each program?

Senator Grosart: They are described as the objectives, matching the programs and services.

The Chairman: We have tried for some three or four months, I think, to get that information and the department does not have that sort of breakdown.

Senator Grosart: I am sure they have. If you read the annual report, they have it.

The Chairman: In order to get it they would have to make certain divisions of certain costs that spread over the whole department. It would be useful to us if it could be broken down in the way Senator Grosart suggests.

Senator Grosart: I am quite sure it can be.

The Chairman: Even though there has to be an allocation of certain overheads.

Senator Grosart: This is the whole basis of estimates, matching objectives to expenditures. Here are the objectives clearly stated, and the expenditures are known. I do not see that there should be any difficulty. If there is, then

I have grave doubts about the efficiency of the department's operation, if they cannot tell us how much money and how many people they are putting against each of their own stated objectives.

Hon. Mr. Andras: The only problem is the obvious one, where there is overlap.

Senator Grosart: Of course there will be overlap.

Hon. Mr. Andras: There would have to be an arbitrary assessment.

The Chairman: There is right, and that is what we have been suggesting.

Hon. Mr. Andras: One person might be spread between two or three functions. However, we will do our best.

The Chairman: We would not hold you to dollars or man-years.

Senator Grosart: Or even a percentage.

Hon. Mr. Andras: We will do the best we can.

The Chairman: Thank you very much. On your behalf, honourable senators, I thank the minister and his officials for appearing. We hope he can appear again next week.

The committee adjourned.

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FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

Issue No. 5

THURSDAY, FEBRUARY 20, 1975

Second Proceedings
on the examination of the Estimates of the
Manpower Division of the Department of Manpower and
Immigration for the fiscal year ending the 31st
March, 1975

(Witnesses and Appendices: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

February 20, 1975.

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:35 a.m.

Present: The Honourable Senators Everett (*Chairman*), Barrow, Benidickson, Carter, Croll, Graham, Grosart, Hicks, Langlois, Neiman and Sparrow. (11)

Present but not of the Committee: The Honourable Senators Bourget, Norrie and Smith.

In attendance: Mr. H. J. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Center for Foreign Affairs and Foreign Trade.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses, representing the Manpower Division of the Department of Manpower and Immigration, were heard by the Committee:

Mr. J. L. Manion, Senior Assistant Deputy Minister (Manpower);

Mr. J. A. Hunter, Director of Manpower Co-ordination Branch;

Mr. D. G. Wallace, Regional Director, Prairie Region;

Mr. S. Magun, Chief, Quantitative Methods Division, Strategic Planning and Evaluation Group.

At the request of the Honourable Senator Langlois, the Committee agreed that the Table entitled "Canada Manpower Mobility Program—Expenditures on Grants Authorized, 1973-74" be included in this day's proceedings.

It is printed as Appendix 'A'.

The Honourable Senator Carter recommended that the Table entitled "Number of Mobility Grants Authorized—1973-74" also be printed in this day's proceedings. It is printed as Appendix 'B'.

On Motion of the Chairman it was Resolved that the Table entitled "Development and Utilization of Manpower Program" also be printed; it appears as Appendix 'C'.

At the request of the Honourable Senator Benidickson the "Operational Statistics" are included in the proceedings, and are printed as Appendix 'D'.

At 12:30 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, February 20, 1975.

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, we will begin, despite the fact that we are only just over a quorum, the reason being that there are six committees sitting this morning. I am sure that there will be a lot of movement between committees, therefore.

I might first of all remind you that we did not complete our questioning of the minister last week. When I talked to him on Monday he was trying to make arrangements to come some time this week, or on some other basis, to complete the questioning, and I suggested to him that perhaps he should defer his appearance until March 20, since that would allow us to complete the four segments describing the work of the Manpower Division. That fitted into his plans perfectly, so, if it is agreeable, we will formally invite the minister to come on March 20 at the conclusion of the four departmental presentations, at which time we would resume our questioning of him, with Senator Grosart as the lead questioner. Is that agreeable?

Hon. Senators: Agreed.

The Chairman: Honourable senators, we are going to proceed with the hearing on that segment which is entitled "The Canada Manpower Centre".

We have with us Mr. J. L. Manion, whom you will recall from last week, Senior Assistant Deputy Minister (Manpower). On his right is Mr. J. A. Hunter, who is Director of the Manpower Co-ordination Branch. The gentleman in the grey suit is Mr. D. Toupin, Director General, Manpower Client Services Branch.

We are also privileged to have with us the Regional Directors of Manpower, and if they would stand when I introduce them, I would appreciate it. From the Atlantic Region we have Mr. J. Leblanc; from the Quebec Region, Mr. J. DeSerres; from Ontario, Mr. D. Conn; from the Prairie Region, Mr. D. G. Wallace; and from the Pacific Region, Mr. G. Hubley. Gentlemen, we welcome you to the committee.

I understand that Mr. Hunter has an opening statement. Perhaps you would like to proceed, but before you proceed, though it will not make any difference to our conclusions, we would like to thank you for the red binder in which we can put all our material. It makes it so much easier to keep things together. You will notice that I am not yet using mine, but I promise you that I will. Mr. Hunter.

Mr. J. A. Hunter, Director of Manpower Co-Ordination Branch, Department of Manpower and Immigration: Mr. Chairman, honourable senators, you have already received a copy of our paper on the Canada Manpower Centre, or the CMC. In the next few minutes I would like to review with you some of the main points in the paper, and through the use of transparencies explain the role and function of the CMC.

The Chairman: Mr. Hunter, there is often a lot of background noise in this committee room, so if you would speak right out, we would appreciate it very much.

Mr. Hunter: In reviewing the paper, I would like to share with you some of the successes and some of the problems we have had with the CMC. I would like to describe some of the changes which are now under way to try to make the CMC a more effective organization.

Let us begin by looking first at the role of the CMC. The CMC is a community resource. It is the focal point at which manpower policies, programs and services are translated into action to meet the needs of individual communities.

The CMC must be a part of the community to which it belongs. When it is not, it is not doing its job. As this diagram indicates, there are a number of elements in the community: there are the workers; the unions; the government agencies—federal, provincial and local; community groups of all kinds; employers and the employer associations; the schools at all levels; the universities; the campuses; the colleges; and so on.

In the centre, in our feeling, should be the Canada Manpower Centre, acting as a community resource to link together these various elements of the community, so as to facilitate the operation of the employment market. By working with and among all of these elements the CMC seeks to match people and jobs, to increase labour market intelligence, to foster individual human development, to maintain program flexibility, and to do all of this by personalizing our service to meet the needs of the clients, and not, hopefully, the needs of the system.

Could we turn to the work of the CMC, and look just briefly at the programs that are available in CMC?

The CMC has a wide range of programs and services, which will be discussed in subsequent sessions. The purpose of this session is not to describe in detail our training programs, our mobility programs, and so on, but rather, to give you a feeling for the institution known as the CMC through which these programs and services are made available to the citizens of Canada. As you can see from this transparency, we have a wide range of programs, and the list is not complete. The list is illustrative only.

On the workers' side we have special programs of a number of different types. We have special training pro-

grams, counselling, job information centres, testing, mobility assistance, job creation and so on. On the employers' side we have manpower planning, manpower consultative service, labour market intelligence that we provide, and we seek to further the elimination of job barriers.

These programs involve a great deal of work, and I would like just to share with you some of the operational statistics from the Canada Manpower Centres. This transparency shows operational statistics for the last few years. I think the important thing here is not the absolute levels of the statistics, or necessarily the changes from year to year, but rather, the volumes. As you can see, in terms of placements we are talking of over a million placements a year. We are talking about a million and a half job vacancies passed to CMCs by employers. We are talking about nearly 4 million registrations—4 million occasions when clients came to us, and either completed an application for employment or asked that a registration that was already in existence be re-activated. You will see that in counselling interviews we are talking about something close to 6 million every year.

It is often difficult to try to grasp the magnitude of figures once they get into the millions, and we would like to show you another transparency which breaks down this work load to try to show what goes on in a CMC on an average working day. As you can see, in 1973-1974 there were more than 18,000 new or re-activated registrations every day. There were more than 27,000 counselling interviews every day; more than 13,000 referrals of people to jobs. Employers registered with us more than 7,000 vacancies in 1973-1974 every day. There were more than 4,800 full-time placements, 900 referrals to training programs, 100 mobility grants were authorized, and our staff conducted about a thousand visits to employers each day in 1973-1974.

Let us turn just briefly to the location and size of CMCs. Canada Manpower Centres offer Canadians the most extensive services in the country. Across Canada there are some 614 points of service. These are made up of 450 permanent offices, around 254 main offices, 124 branches, and 72 CMCs on university or community college campuses. In addition to those there are 172 itinerant points of service. These are points where a counsellor will travel out from a main CMC to visit perhaps once or twice a week, or once or twice a month. The network of the 450 permanent offices is linked together by Telex, so that job orders can be transmitted from place to place, and as we pointed out in the paper, a job in Labrador can be communicated to CMCs across the country to see whether there is a worker available for that particular job.

The CMCs vary in size greatly. We have in Toronto an industrial and trades office, the largest office, with a staff of something like 238 people. On the other side of the scale we have ten one-man offices in various locations across the country, but about 20 per cent of our offices have between one and 20 personnel.

In addition to the main CMC—the standard CMC, which provides a full range of services—we have established a number of special offices to meet particular needs. For example, we have temporary worker offices to meet short-term labour market requirements in Regina, Saskatoon, Vancouver, Prince George, and Ottawa, and a number of other centres across the country. We have a special logging and mining and skilled trades unit in Vancouver, and we have a CMC to service COJO, or the Olympics, in Montreal. Our services do not stop at the office doors either. We

have several mobile services. These are buses in some cases, or caravans, which visit remote or isolated areas. An example is a bus service which we run to some of the outposts in Newfoundland.

Bringing these services to Canadians are 3,081 counsellors, 780 manpower counsellor assistants, approximately, 650 line supervisors, about 2,000 administrative support staff and 254 managers for a total of about 6,700.

I should like to turn briefly to the effectiveness of the CMCs. As we pointed out in the paper on CMCs, it is most difficult to determine the effectiveness of an employment service. We are investigating, in various ways, means of evaluating the service we offer Canadians through our CMCs. We also are examining carefully what other countries are doing. The Americans have what they call a "balanced placement formula". The British are experimenting with what they call a "shadow pricing mechanism". We are looking at all of these and we are also trying to develop some systems on our own. But there are very great problems in doing this. First there are conceptual problems in trying to evaluate the effectiveness of an employment service. You have to define very precisely the objectives and the sub-objectives that an employment service is designed to achieve, and the criteria that you use to determine whether you are meeting those objectives. This can sound rather easy, and the objective of the CMC could simply be stated as: To find workers for jobs and jobs for workers. But the more you look at it, the more you realize that that is not an adequate definition of the objectives. You have to go into the type of job, the type of worker, and you have to try to match them in some sort of optimum way so that both their interests are met.

The Chairman: In your brief you do not describe the two measuring systems that were used in the United States and Britain. Would it be possible for you to give us a quick description of how they work?

Mr. Hunter: Yes. The balanced placement formula is really a two-part system. It is based partly on quantity factors and partly on quality factors. The quantity ones are the ones we showed you, partly at least, on the screen a moment ago: the placement figures compared with the vacancies that are received from employers: the number of counselling interviews per client who comes in, and statistics and ratios of that sort. The employment services around the world work with effectiveness ratios of that type. What the Americans are trying to do, which is really original in many ways, is to estimate the quality of the services that their manpower centres render. They are trying to do this by calculating the length of time a placement lasts, by trying to calculate the effectiveness of the employment service in placing the disadvantaged or special-needs groups in a society. For example, they have developed an elaborate formula for providing special weights for the Puerto Ricans, for veterans, for handicapped groups or disadvantaged groups in their society. It is a rather elaborate formula and there has been a great deal of criticism among the staffs of the state employment services about the elaborate nature of the plan. They are working at it hoping to perfect it, and we are watching carefully ourselves to see if we can make use of their experience.

The Chairman: How does it compare to OPMS?

Mr. Hunter: OPMS is really just being introduced in the federal Public Service, as you perhaps know, and we are working with the Treasury Board at the moment. We have

not really got to that point in our discussions with the Treasury Board people, about what sort of effectiveness measures we would use for OPMS in measuring the performance of our department, but I would imagine that many of the effectiveness measures that we will eventually decide upon will be similar to the ones being used by the Americans. Inevitably, it will depend upon the experience of the Americans just how successful they are in weighting all these factors.

Senator Croll: Mr. Chairman, perhaps you had better explain what OPMS is.

The Chairman: Yes. It is the operational performance measurement system. Does that explain it for you, senator?

Senator Croll: Yes.

Mr. Hunter: There are two rather thick volumes which explain it as well, senator.

Mr. J. L. Manion, Senior Assistant Deputy Minister (Manpower), Department of Manpower and Immigration: If I might just interject, Mr. Chairman, we are looking at all of these quantitative measuring systems, but we have some serious reservations about the value of systems that are solely quantitative. We are trying to develop, ourselves, some qualitative ones: such things as the way in which the community, including clients of the CMC and non clients of the CMC, perceive the service they receive. We are trying to do this in subjective terms. It is an extremely difficult exercise, and one which we are carrying on in parallel with the development of the OPMS system.

The Chairman: Thank you, Mr. Manion.

Mr. Hunter: I must confess that I am not as familiar with the United Kingdom system of shadow pricing as I am with the American system. In essence, however, it is an attempt to compare the cost of various types of manpower services against another service. For example, you could compare the cost of moving a person from Newcastle to London. You could compare that cost with the cost of training him in Newcastle, perhaps, for a different occupation and decide which cost is more cost beneficial. We are not sure just how much success they have at the moment. I was in the United Kingdom a few months ago talking with them about it. My impression was that it is still very much in the embryonic stage.

The Chairman: Thank you, Mr. Hunter.

Mr. Hunter: Now, in looking at our own employment service, we feel there are a couple of indicators which do indicate effectiveness to some degree or other and that they have a validity. One of them has to do with the proportion of jobs which employers give to us which we actually fill. Obviously, we cannot be expected to fill jobs which employers do not give to us but, if they do give us a job, we should fill as many of them, of course, as possible. In 1973 we filled about 7 out of every 10 jobs employers gave to us. We feel that is a reasonably respectable batting average. The second indicator is the time it takes to fill an employer's order. Obviously, an employer wants the job filled as quickly as possible. In 1973-74 we filled about 63 per cent of all job vacancies within 10 days.

As Mr. Manion has pointed out, there is much more to be done and we must be candid that we are not happy with the state of the evaluation mechanisms we now have in place.

I should like to turn now to some new directions in the CMC. I would like to begin by talking about the job information centre concept. Perhaps before getting into that I should explain just briefly what happens in a CMC which does not have a job information centre or a JIC: The client comes in; he approaches the reception desk; in some cases he has to wait his turn; he is dealt with by the receptionist, and she says, "Have you a registration with us?" If the client does not, then the registration has to be completed or brought forward from a dormant file. The client then has to wait for an interview with a counsellor; he sees the counsellor who talks to him and goes over his application form with him and then pulls out a box of jobs which he has on file and he leafs through the job opportunities to try to find one that satisfies the needs of the worker-client. Often we have felt that the worker-client feels, "Well, is the counsellor really looking at all of the jobs or is he keeping the better jobs for friends or contacts?" There is a certain lack of openness in this system and it is not just the Canadian employment service; all employment services all over the world tend to operate in basically the same way. The clients are not particularly happy with this system, and the staff are not happy because they tend to get bogged down interviewing a great number of people who do not need to be interviewed in many cases, and that would apply to probably half of the people using the Canada Manpower Centre. All they require is information about jobs, and then they can take it from there.

We recognized this problem several years ago and we started looking at ways to help these people to help themselves to do that, and to provide a sort of self-service to clients of that type. We looked at developments in the United States, Britain and Sweden and we found that they were experimenting with two different types of job banks. The job bank is a simple concept: instead of keeping the job orders in a file in your desk, you place the job orders on the wall and they are available to the public to come in and look at them. It is a very simple concept. People keep asking, "Well, why didn't you think of that before?" The answer is that it just did not happen before. There are two types of job banks; there is the fully-open, and the half-open. I should just explain those briefly. The Swedes have gone to a fully-open job bank. That means that on the job order on the wall there is all the information about the job plus the name, the telephone number and the address of the employer. So a person can come in to the job centre, look at the board and jot down the details and then go directly to the employer. In the United Kingdom and in the United States they were experimenting with what they call the partly-open job bank. The idea there was that the job details were on the board but the employer's name, telephone number and address were excluded. The reason for that is that it was felt that employers might object if large numbers of people came from the job centre to them without any type of screening. We decided to opt for the partly-open system ourselves so that the job orders in our job information centres do not have the name or the address of the employer.

I am sorry we are not able to show you some actual photographs of the JIC. We had hoped to be able to do that but because of technical problems we cannot. But we do have a 20-minute audio-visual presentation with photographs of various job information centres in various parts of Canada, and we would be delighted to arrange a screening if any senator would like to see this presentation. I

have, however, a transparency which shows in the form of a diagram a job information centre.

In a job information centre clients are free to browse at will—it is rather like a library in atmosphere. In this example we can imagine that a person comes in at the entrance to the job information centre, which, by the way, is just part of the total Canada Manpower Centre. There are in addition many other parts of the CMC, and we shall deal with this later on, where additional services are provided. But this is the first part the client would normally see when a JIC concept is full introduced. The client comes in the front door and he may, if he wishes, approach the receptionist and ask for advice, but he does not have to. He can go straight through to the job bank board where the jobs are arranged by occupational groups. So if he is a mechanic, he would head for the board which has automotive trades. If he finds a job that he likes he jots down the details and he would approach a referral counsellor who is a fully-trained manpower counsellor. There is then a three to five-minute interview normally and the counsellor talks to the client to determine what sort of skills he has and whether they seem to fit the needs of the job order, and if they do the client leaves to visit the employer and discuss the job himself.

That is one way of using the JIC. But it can be used for other purposes as well. If the client would like other assistance—if it is not just a job that he needs—then he can come in, see the receptionist, seek some guidance—he might want some information, for example, about training—to find out what places are available and if there are courses for welders or what have you. He may want some other career information that may be available or he may want to look at out-of-town jobs. He may want to talk to a job information counsellor. He may, during this visit, find a job that he likes the look of and he may be referred to it. If there are no jobs that fit his skill, interest and aptitudes, he could ask to have an interview with a counsellor in what we call the Assistant Service part of the Canada Manpower Centre. This is another part of the main office, and there he would be given an in-depth interview by a counsellor, and the counsellor would go over with the client his needs, his wishes and his training. This interview could last 30 to 40 minutes. Perhaps the answer would turn out to be mobility. Perhaps the individual needs help in how to approach employers or how to prepare a curriculum vitae. All of these matters would be gone into at the second or assistant level of service.

I was in Hamilton not too long ago looking at the job information centre we have there—it was the first in Canada and was opened about two years ago—and it has had time to shake down—

Senator Hicks: Can you tell me how you keep a record of the person who walks in and looks at the job bank board, talks with the counsellor and then walks out again? Do you then know whether he gets the job, and how do you deal with that?

Mr. Hunter: When he goes to the job board, he fills out on a piece of paper the details of the job plus details about himself—his name and his social insurance number—and takes this to the referral counsellor who in turn completes the form some more if he is going to refer him and a copy of that is sent to another part of the CMC which follows up later on to see if he got the job. A copy of this is given to the client himself which he in turn gives to the employer and which we like the employer to send back to let us

know if they have hired or if they have not hired the individual.

Senator Hicks: So even the most casual visitor gets into your records by filling out this form?

Mr. Hunter: Yes, but one of the problems is that people sometimes come in and do not find something they like and then they go out and come back the next day. So they keep coming in and out quite frequently. The task is to try to identify the people who use the JIC without success. In the American experience what they have done is to put in an exit interview so that everybody going out has to go through a counsellor who questions him as to why he did not find something suitable. But that introduces an element of bureaucracy into what we like to feel is a very free and open system. We have not gone that way ourselves. What we try to do is to have monitors moving around through the JIC and if they see somebody who seems to be having difficulty, then they talk to him and ask if they can help. They watch the people who are repeaters coming in. But a person can use this system without completing any paper and he does not have to be entered into our records at all. This is an advantage because we frequently find that people during their lunch-hour, who are already employed, will drop in and in many instances they don't want to register even though our records are confidential and private. They are worried about their present employer hearing about it. With this system they are quite free to wander around and then leave, and no record is kept.

Senator Hicks: Then you can not claim any contribution to the finding of a job for that person who changes his job?

Senator Neiman: I think, Mr. Chairman, that the fact is that the JIC does not have the employer's name on it so that in fact the applicant has to come to a counsellor to find out who that employer is. To that extent, Mr. Hunter, you do know if somebody is going to pursue it?

Mr. Hunter: That is right. Anybody who wants to be referred to one of the jobs on the boards has to come to the referral counsellor.

Mr. Manion: We also provide training in jobs search techniques as part of the job information centre approach. There are signs saying, "We can give you instruction on how to look for a job." We provide sessions in which people are taught how to use newspaper advertisements, how to prepare themselves for interviews, how to go about and organize their job search. We recognize that there are ways other than the manpower centres by which people get jobs. We try to train people to use these ways. We do not take any credit for any placements that result from that kind of activity, nor do we claim credit for placements that result from some of our other programs, which we will be discussing next week.

Mr. Hunter: I was about to mention that I was in the Hamilton JIC a few weeks ago and I was standing in the corner watching the flow of people through the centre. I saw a young man come in and I thought I would just time him to see how long it would take him to use the JIC. He came straight in, went past the reception desk, he did not stop, he went to the job bank board, he spent about three minutes there looking at the jobs, he found one that he liked, obviously, he wrote down the details, he went to the referral counsellor. He had to wait one minute and a half while the referral counsellor finished a previous interview. He spent about three minutes with the counsellor, who obviously agreed that the person should be referred. The

counsellor filled out the little form, the client went to a telephone—we also have telephones in most of these JICs—phoned the employer and then left the JIC. I clocked him; it was a total time of about 10 minutes in and out. I am told that that is not unusual. Sometimes it is a bit faster, sometimes a bit longer, but it does illustrate the speed with which people can come in, use and leave the JIC.

Senator Graham: Such a person, I suggest, would be someone familiar with manpower centres and job information centres, because ordinarily you would not expect someone to come in and go by the information desk and the reception desk, and go to the back of the hall and find out what he was looking for. Obviously, this was someone who was very familiar with the system.

Mr. Hunter: Yes, he has used the system before, often.

Senator Croll: When you speak of the board, what are you doing about language difficulties?

Mr. Hunter: In terms of the official languages?

Senator Croll: Yes, and other languages, not official.

Mr. Hunter: In the official languages, we have been discussing that, to obtain resources required to translate the jobs into both languages in those centres across Canada where this is required. Starting on May 1 we will have a system whereby all of the jobs, in places like Montreal, Ottawa, Winnipeg, St. Boniface and other centres across the country, will be translated into both official languages. We do not translate necessarily into other languages. This is left to the individual CMC manager to decide whether he should post in Italian, Portuguese or some other language.

The Chairman: Perhaps, honourable senators, we should let Mr. Hunter complete his submission. Mr. Hunter, senators will have read your brief and I am sure they are very anxious to get on with the questioning. If you can complete your summation as quickly as possible, we would appreciate it.

Mr. Hunter: Perhaps we could look briefly at the advantages of the JIC concept. These are advantages obtained from the Hamilton CMC staff. They feel that the advantages are several. From the workers' point of view it is a more open, positive environment. Clients no longer sense a "Don't call us, we'll call you" attitude in the CMC. The client no longer has to wait for service. There is more exposure to other area jobs. From the employers' point of view, there is wider exposure of job orders, there are more and faster referrals to the employers, and there is more opportunity within the CMC to fill the hard-to-fill job orders. The job information centre then is one new direction in the CMC.

Another new direction in the CMC is the increased operational co-ordination with the Unemployment Insurance Commission. The minister mentioned briefly the Special Placement Drive, last week, and in the presentation next Thursday we will be dealing with that in some detail.

In the interest of time, I will simply point out that there are a number of other co-ordinating relationships going on with the UIC to better integrate the programs of the two organizations. In Calgary and Kitchener there are pilot projects under way to test whether the European practice, of having people pass through the employment service before entering the unemployment insurance benefit

stream, is a better way of proceeding. This pilot project has been in operation for just a few weeks and we are studying it carefully to see whether in fact it would improve the service we are offering to clients, both workers and employers.

Another new orientation within the CMC is the increased orientation towards the community. We have decentralized much authority and responsibility to the local levels within our organization, to give administrators at all levels in the field a better chance to respond to local needs. We have cut down on the number of national standards which have to be followed by CMC across the country. We are moving to introduce federal-provincial manpower needs committees in each of the provinces and the territories. There is a growing linkage between welfare officers and Canada Manpower Centres across the country.

One of the other areas that we are working on is the area of streamlining procedures within the CMC. As the paper you read pointed out, we conducted a study recently of national reports which we requested of the field officers. Out of 60 reports in which recommendations were made, we have been able to eliminate 25 and a number of others have been reduced in size or are scheduled for further study.

Honourable senators, the paper problem continues. This is really one of the biggest problems that any employment service faces. An employment service, by the very nature of its function, generates enormous amounts of data which have to be captured, transmitted and retrieved. It generates tons and tons of paper, if you try to do this efficiently and effectively.

I can give you an example of this, briefly. If we think of Toronto or Montreal, ideally each of these centres should be considered a separate labour market. There are about 15 Canada Manpower Centres in Toronto. There are some 600 counsellors in Toronto. Each day the Toronto CMCs receive about 800 new job orders from employers and there is at any one time about 9,000 jobs in our files in a place like Toronto or Montreal.

Ideally, every counsellor in every CMC in Toronto should have a copy of every one of those job orders, or they should all be posted on the boards. But the problem of giving each counsellor a copy of each job order is just enormous. We calculated that it would take a book 1,700 pages thick to do this; and to keep it up to date you would have to provide a copy of this each morning to each counsellor. So we are talking about enormous quantities of paper and trucks and so on, to accomplish this.

We can use Telex and other means to transmit job orders from place to place. We are using a system called the Vucom-Datcom system, which allows us to transmit from one CMC to another CMC a job order, on a card which we can actually put up on the wall. But this does not help us control the referrals to that job order. If you allow each of the 600 counsellors in Toronto to have access to the 9,000 jobs that are available, you could conceivably end up with 600 people being referred to each job. Of course, the employers could not stand that, and it would not make sense. If you tried to have the counsellors phone a central point to see whether they could refer or not, you would tie up all the telephone lines in all of the CMCs. So these are very real problems that we and other employment services around the world have.

We are trying to solve some of these problems through the use of an on-line mini computer system. The pilot

project for this went into operation in a phasing-in mode just a few weeks ago in Hamilton. This transparency is not as complex as it perhaps at first appears. I will take you quickly through it. An employer phones in to the Hamilton CMC, and when the system is fully operational the clerk or the counsellor taking the job order will feed it directly into the mini computer here. The information is then transmitted automatically to Burlington and to Mountain, to East End terminals, to Stoney Creek, and to the other branches of the Hamilton CMC, as well as to the main Hamilton CMC on James Street. Each branch of the CMC in the main office will get a hard card which it can post on the job board.

Let us say that a client comes into the Mountain branch office. He goes to the job board. He finds a job he is interested in. He brings it to the counsellor. The counsellor then keys in on his terminal, just as an Air Canada travel agent does on his or her terminal, and gets the details on the screen of the job file, finds out whether the job is still available, whether he can refer more people to it, or whether too many people have already been referred. If he does decide to refer somebody, the details of the client are fed into the computer—just the tombstone data about the client. Then the computer will remind us a few days later that we should follow up on that, so we do follow up with the employer if we have not heard whether the person found a job or not.

Our hope is that we can expand this system, not just to Hamilton, but through the Niagara peninsula, bringing in Kitchener, Waterloo, perhaps Guelph, Goderich, Walkerton, and make this area of Ontario one big labour market, so that if someone, a counsellor at our CMC in Guelph, for example, has a client who is prepared to commute to Hamilton, the counsellor in Guelph can simply access the mini computer in Hamilton, through his own terminal, find a list of all the jobs available, find out whether he can refer, and the placement is made. If the system works, as we hope it will work, we will be able to tie it in together with other mini computers in Toronto, Montreal, Vancouver and Quebec City, as the illustration shows, so that cities can access each other's computers directly, to see whether there are jobs, and to speed up the movement of people across the country to meet the changing labour needs.

The department's organizational change and renewal program is also a new direction that we are taking, and that we feel is important in the context of the CMC and its service to the community.

I spoke earlier about the decentralization of authority to the local level. One of the elements of the organizational change and renewal program, as we pointed out in the paper, is what we call the "Box 320" approach. This is an office in Ottawa to which members of the staff can write to provide comments, suggestions or complaints. These are received by a senior official reporting directly to the deputy minister. He keeps in confidence the names of the people writing to Box 320, and the names are never revealed. He reviews the complaints or suggestions or comments, and passes these on to other members of senior management without giving the name or the address of the writer. This has proven very beneficial. We have received some 500 responses from the staff since about last August, and many of these are just excellent suggestions, which we are able to implement.

I have talked about the CMC as it is today and some of the new directions that we are trying to take. I would like

to conclude by just looking ahead briefly at the CMC of the future. We are not attempting to describe the CMC of 1990, or the year 2000, because we just do not think it is possible. The future is changing too quickly. What we have tried to do, as the transparency illustrates, is to build a decentralized and flexible organization that can respond to change as it occurs. We are trying to develop an adaptable staff, trained to respond quickly to change. We are trying to build closer links between the CMC and the community, so that the manager and his staff know what the needs of the community are and can respond to them as they change.

Finally, we are looking at automation to see what part it will play in the future of the CMC. We are not bedazzled by automation or black boxes or miracles of machinery, but the problems I mentioned earlier, of handling data, are so profound in employment services, that automation will obviously have a large part to play in the future of the CMC. We hope it will eliminate much of the paper work we have talked about. We hope that it will make it easier for us to refer clients to employers, and for other agencies in the community to make use of the data bank which we have in the CMC. It may be possible at some time for UIC offices, or welfare offices, to have a terminal in their office, and, with controls to ensure privacy of data, go directly into our files of either workers or jobs.

In summary, then, Mr. Chairman and honourable senators, the work of the CMC is a very demanding job, day in and day out, across Canada. We provide service to many thousands of Canadians. I have tried to show that we are working hard in a number of directions to increase the effectiveness of the CMC's. We believe that these changes will help us to respond more effectively to short-term needs, and still allow us to build the flexible sort of organization that is needed to adjust to the future. I would just say that the department is determined that the CMC should be given every assistance, so that, working with its community, it can meet the needs of Canadians.

The Chairman: Thank you, Mr. Hunter. That was an excellent summary.

Before we come to the questioning, you will recall, honourable senators, that last week we asked for some material to be supplied by the minister. It has not yet reached us, due to the mails—

Senator Croll: What mails?

The Chairman: —but Mr. Manion has given me some of the material, and I have selected from it the material on unemployment insurance that was asked for by honourable senators. This concerns the deficit of unemployment insurance over the years, and most especially, what you asked for, Senator Grosart, the breakdown of the departmental expenditures in accordance with the program objectives laid out in the annual report. This will now be distributed to you.

The lead questioner is Senator Neiman, and I hope that while she is conducting her examination you will confine yourselves to supplementary questions. As soon as she has finished we will proceed to questions from other senators. I have Senator Graham on the list at this point, and Senator Carter. Senator Neiman?

Senator Neiman: Thank you, Mr. Chairman. It seemed to me, as I listened to the presentation—and I have read through the material that we have—that my impression of the CMCs is that their principal functions, really, are:

service to the unemployed, on the one hand; and service to the employers, on the other. I think Mr. Hunter phrased it in a slightly better way when he said, "Workers for jobs and jobs for workers". I wonder if you could tell us how you weight these two functions. Do you give more importance to one than to the other?

Mr. Manion: Mr. Chairman, I think this has been the dilemma of the employment service since it began to be formed. At different times the emphasis has swung towards employers; at other times it has swung towards clients. In fact, you cannot serve one of these groups of clients without serving the other. We can try to focus entirely on the needs or worker clients, but if employers become alienated and dissatisfied, they will stop registering their orders with us, and ultimately we cannot go on serving the worker clients. On the other hand, I think it is quite unrealistic to think that we can keep the employers of Canada happy at all times with the service they get from manpower centres. I have met with employer associations, and groups of employers, around the country. Unfortunately many of the jobs that are available to be filled are jobs that are very difficult to persuade people to take. Many are at extremely low wages; they are frequently isolated; they involve dangerous conditions in many cases; there is no social prestige attached to them. We cannot, as an employment agency, force people into these jobs. We can try to persuade them and try to persuade the employer to improve the quality of the job offered. But we must constantly trade off between these two groups of clients and between these two objectives. Speaking personally, if there is any extra emphasis, it should be on the problems of the individual worker clients, especially the unemployed client who has particular and grave problems such as family support.

While we are trying to maintain a genuine, balanced employment service, there are some Canadians who have been ignored or by-passed by the service for generations, and over the past 2 and a half years we have tried to put in place programs which would do an extra bit for them. I am thinking of, for example, natives, women, youths, the rural poor, the people in very isolated communities, and so on. We have a number of special programs for them and we will be discussing that next week. But the question of balance is extremely difficult. There is no complete answer to it.

Senator Neiman: I can appreciate that, too, especially in changing economic circumstances. I can relate this in particular to the area in which I live myself, which represents a variety of not only job opportunities but employment problems, and that is the area around Brampton and north of Metropolitan Toronto. I know for the past several years that the complaints have been on the side of the employers in not being able to find employees. I may say that I took the opportunity this week of going into the local Brampton office to give myself some idea of how exactly one of your offices did function. The first thing that struck me, and it was confirmed by Mr. Parker, the acting manager of that office, was that the emphasis had been swung completely the other way in the past few months.

Just based on my impressions of the manpower office there, and I know we will be discussing different details of your training programs and your relationship with the Unemployment Insurance Commission at a later date, I should like to speak about the offices or the centres.

You do have a job information centre there, and at the time I went in, which was early Monday afternoon, I saw

perhaps 30 to 40 people going through the office. They would come in, look at the boards and walk out again. This was in the course of less than an hour. There were very few cards on the board, which is one thing which struck me. Mr. Parker said that this was due in part to the fact that jobs are just not available at this moment in that area.

One other impression I took with me was that most of these people, at that point in time, were of a very young age. They were in the age group of 19, 20 and 21. This was true of the majority of them by far who came in at that point. Although they came in and looked, and I had the impression that some of them had obviously been there before, I felt that there should have been someone there to assist them. Indeed, Mr. Hunter mentioned this morning that you do have mobility and do have a mobile person in these centres. I must say I did not notice that person around, and one of the questions I had in the back of my mind was that there was an obvious need on the part of some of the people who came in to have some help offered to them by someone who would be actively out there at all times standing by that board asking if people needed assistance.

I asked Mr. Parker about the number of employers that his office served in that area, and he said that he thought it would be in the range of 35 per cent to 40 per cent of employers in any given area, but certainly in that area. Would that be a fair percentage?

Mr. Manion: Approximately, yes.

Senator Neiman: That would be a fair percentage across Canada? In other words, the percentage of people in any given area who would register with you would be about—

Mr. Manion: We would have 25 to 35 per cent of the job orders. This might mean that we would have more than 25 to 35 per cent of the employers, but they possibly register with us only part of their requirements. It would vary. We estimate that we have 25 to 35 per cent of the job orders.

Senator Sparrow: May I ask a supplementary on that, Mr. Chairman? Related to the number of jobs, would that be an employer who employs a small number of people? Are you talking about particular placements or particular employers?

Mr. Manion: Jobs, senator.

Senator Sparrow: Jobs, yes.

Mr. Manion: The actual jobs that are opened up and are filled.

Senator Sparrow: Right. What percentage of the employers in a community would that represent?

Mr. Manion: This is more difficult to get at. We can provide this on a community basis, but we cannot provide it on a national basis. In the community we simply look at the total number of employers and the total number who give us business and we can calculate this percentage. In a place like—well, a major industrial town, for example, where there are huge enterprises which have their own personnel departments, we may have none of their business, and all of our business will be with the small employers in the community, where as in the communities with a number of middle-sized plants we may have virtually all of their business. So it depends on the local community.

The Chairman: Just to correct the record, then, the answer to Senator Neiman's question about the 35 per cent,

I believe, is that that is not a norm. That is the figure for the particular area.

Senator Neiman: It is the figure for this particular area we are talking about.

Mr. Manion: That is right.

Senator Neiman: Does your Telex system connect with all of your offices or does it merely connect with the offices of your headquarters? Is it a total interconnection of services?

Mr. Manion: Yes.

Senator Neiman: Do you use this apart from the routine business to transmit job orders or job requirements? Is that one of the purposes of your Telex?

Mr. Manion: It is one of the major purposes of the Telex.

Senator Neiman: Mr. Hunter talked about the system that was set up in Hamilton and also about the Datacom-Vucom, which I understand is going into your Islington-Bloor area office in early spring. Maybe I misunderstood Mr. Parker who perhaps was not talking about the same thing, but I gathered that the Hamilton experiment, involving a computer, was resulting in a paper war, to some extent, in that you got large sheets of paper coming through and that it was felt that your other system, the Datacom-Vucom system, was going to be far more efficient in transmitting.

Mr. Hunter: I should explain that in Hamilton we put in another computer system, a batchmode computer system 2 years ago.

Senator Neiman: So this is a different system, then, that he was talking about?

Mr. Hunter: That is right. If you are familiar with the batch-mode system, it simply means that you do not have a terminal in your office so that you cannot interact immediately with the computer instantaneously the way Air Canada does but rather you feed the data in at night. It is key punched at night by a service bureau of a computer company and in the morning you get this sheaf of paper containing all the job orders. We have had it in place in Hamilton for about 2 and half or 3 years now. It has some advantages, but it does have that disadvantage that you are shipping around the Hamilton area large quantities of paper every morning.

Senator Neiman: In effect, then, the counsellors have to go through these sheets of papers in order to pick out one possible appropriate job.

Mr. Hunter: That is why we are experimenting with this on-line system, senator, where the counsellor will actually have a terminal so that he can actually see on the screen the details of a job rather than looking at a piece of paper.

The Chairman: Is that the essential difference between the Datacom-Vucom and the mini-computer?

Mr. Hunter: No, the Datacom-Vucom is simply a transmission mechanism. It simply takes job information from one CMC and transmits it to another CMC and prints out at the second CMC a card which we can then put on the board.

The Chairman: So it is purely a communication system?

Mr. Hunter: It is purely a visual communication system. There is no memory attached to it, and you cannot manipulate the data in any way.

Senator Neiman: And you can take off this card, as I understand it, just rip it off the machine as it comes through and put it on the board, and you do not have to retype it at all, so in this way it saves some steps.

Mr. Manion: Well, we hope it is going to free our counsellors from much of this paper monster that they have been attending to for the past 25 years. It is a dreadful mass of paper. This will enable them to concentrate more on the client than on the bits and pieces of documents.

The Chairman: But Senator Neiman's question was that the mini-computer system was producing even more paper.

Senator Neiman: Apparently there are two different systems in Hamilton, and I was only informed about one. You are talking obviously about a more complex but at the same time a more efficient type of system.

Mr. Manion: The first generation of this computer application has been the batch system where the computer spewed out lists of jobs and lists of clients that the counsellor used. The next generation will be to replace the paper by terminals allowing instant access by the counsellor to the central data bank. In Hamilton we have been running these two systems in parallel, testing them, and we are going to Hamilton next Monday to see if we take delivery of the new system that eliminates the paper and we are all praying that it will be workable. It has been demonstrated in a number of countries around the world. There is a great deal of technology on this now, and the use of the mini-computer brings it within our cost range. Previously we could not look at on-line systems because we did not have the resources. There was no question about it. It involved putting in the big computers. But with the mini-computer we now have this within range.

Senator Neiman: Now to go back to the general operation of your manpower centre, what again is your estimate of the number of people who come in and simply look at the JIC and then go out again, as compared with the number of people who wait for an interview with the counsellor? What is the proportion as between these two? Have you any estimate?

Mr. Manion: We keep no statistics on the people who come in and who are not referred to jobs.

The Chairman: Are you talking about the ones who come in and go out, or are you talking about the ones who come in and look at the board and then go and ask for a job at the job information centre as compared to those looking for an in-depth interview?

Senator Neiman: That is right. I just meant the ones who would come in and take a look at the board and then turn around and go out again.

The Chairman: Remembering that they have no information on the jobs, though, because there is no information attached.

Senator Neiman: There are no names attached. Perhaps I should clarify that by saying that I am speaking of those who ask for the name of the employer but who do not go so far as to ask for an interview with a counsellor with respect to other jobs.

Mr. Manion: The client would be given the name of an employer only if he is to be referred to that employer, in other words if he appears to be qualified for the job. Unless such a referral takes place, we consider that there has been no transaction and there are no records and no statistics.

Senator Benidickson: Senator Neiman, do I understand that from your own observation during the duration of about an hour in Brampton, you felt that most of the traffic consisted of people coming in and looking at the board and then going out again without seeing anybody? Am I correct in that?

Senator Neiman: That was really my observation that day. I did notice a small group in a small corridor obviously waiting their turn to see a counsellor in a cubicle down at the side, but I think that certainly the majority of the people coming into the office during the hour I was there just came in and looked at the board, and I have the feeling that some of them, as you have said, probably had been in the day before or two days before and they just came in to see if anything new had been added. One thing that did strike me is that you have that separate board for what you call out-of-town offices. One of our biggest labour markets or employment markets in our area would be Rexdale, and I asked why Rexdale was not on that board. This is the one area that we know about that is a factory and employment oriented area, and yet it was not on that board. I thought that that again would have been extremely helpful if it had been placed on the board because in terms of geography it would be very relevant to our area.

Senator Carter: I have a supplementary question on this. I just want some clarification. If someone comes in and looks at the jobs available, can he tell where the job is or does he have to inquire as to where the job is available?

Mr. Manion: Normally we have in the larger communities a system where we code the job numbers by zones in Toronto and Montreal. We say it is in Zone A, B or C. These are designated on a map. So the client can see whether it is within commuting distance of his home or not.

Senator Carter: But you do not put the name of the particular company where he might get the job?

Mr. Manion: No.

Senator Carter: That is what puzzled me earlier when you said that this person came in and walked around and then walked out again, but if he does not know where to go to about the job, what is the point of it?

The Chairman: But if he goes out, senator, he has not indicated that he wants information about the job. If one of the cards interests him, then he goes to the referral counsellor who checks out his experience, and then if he feels the client fits that job, he gives him the name of the company and he proceeds from there. If the referral counsellor feels that he needs more help, then he refers him to a manpower counsellor.

Mr. Manion: The referral counsellor is a full counsellor.

The Chairman: But does he do that himself or does he refer the client to one of the other three desks?

Mr. Hunter: He would be referred to an assistant service counsellor in another part of the CMC.

Senator Croll: I understood him to say earlier that the employer's name appears there as well as the other information.

The Chairman: No, senator, the employer's name does not appear. That is the significant difference between our system and the Swedish system.

Senator Hicks: If the client makes an inquiry to the point where he is given the employer's name, then he goes in your statistics and your records and he is one of the people that you report on.

Mr. Manion: Yes, we report him as a referral to a job, and we follow up with the employer later to see if he got the job. If he did, he is then recorded as a placement.

Senator Hicks: So presumably the only person who does not get into your records is the client who goes in and out and does not see anything that interests him on the boards?

Mr. Manion: That is right.

The Chairman: And, as Senator Neiman stated, the majority of the people who were there when she was there seemed to fall into that category.

Senator Neiman: That is the way it seemed to me.

Mr. Manion: I would think that would be the majority of the people who go in and out of the job information centres anyway. In most places we are trying to get the job information centres at a store-front location so the people can browse. We want them not only to look at the jobs but to look at the employment library that we have. We are putting information on career possibilities, the projected requirements for occupations over the coming years and we have information on how to plan your own career. There is in effect, at least in our design of the job information centre, a library of things that would be useful for people even if they do not intend to be referred to a job.

Senator Neiman: I did notice a bulletin board with civil service openings, for instance, and applications, but the one thing I did not notice, and perhaps I overlooked this, was the matter you referred to earlier, Mr. Hunter, about training in job-finding techniques. I did not see anything around any type of notice to say to the people who came in that if they wanted this type of help or assistance they could get it, and I would think that that would be very helpful.

Mr. Manion: Well, that should be there, senator, but that does not mean that it is there. We will check it out. Sometimes we have very good intentions that are not carried into effect. However, we will check that one and if it is not there, then it will be very shortly.

Senator Neiman: Then could I clarify one matter about placement itself? Your definition of a placement is anybody who goes to a job and is hired even for a day?

Mr. Manion: We have two kinds of placement: we have casual placements, people hired for a week or less; and then we have full-time placements, people hired for more than a week. In the statistics we publish on placements we show only the full-time ones—that is, those who are placed in jobs that will last more than a week.

Senator Neiman: Yes, but for the person who goes for what is supposed to be a full-time job and that lasts perhaps only a week, is that considered a placement?

whether he leaves of his own accord or he is asked to leave by the employer? You still define that for your records as a placement?

Mr. Manion: Yes.

Senator Neiman: Right, because this is perhaps an area we will get to later on in the complaints of the employers, that sometimes they do not get suitable people, in their mind, through CMC. I think it would be helpful just to review the actual procedures as far as the counsellors are concerned. When an applicant goes in to see one of your counsellors for a job, I understand that, first of all, an applicant is rated on three levels—we have not mentioned that—as to being job ready, or requiring further training. Perhaps you would elaborate on that?

Mr. Manion: Essentially we let the clients divide themselves into two. There are the ones who can be served by the job bank and who do not need in-depth assistance. If they can get a job by using the job bank, fine. If they need more assistance, either by their own determination or because they have been referred by another agency which knows that they need more assistance, then they can come to the assisted service part of the manpower centre. There we have testing facilities, counselling facilities, so that we can refer them to training or mobility. In the assisted service we have some counsellors who are given special training to deal with very severe cases of employment problems. I think Mr. Andras mentioned the special unit in Winnipeg, which is placing welfare recipients, with some success.

One of these counsellors might spend a week working with one case. He might take him in his car to visit employers. He might have to go and pick him up the first day and take him to the job, to make sure he gets there. We try to provide that gradation of service, although we are far from being able to do an adequate job or being able to do as much of that as we would like at the present time. This is the model we are trying to develop, that in the assisted service section the individual gets as much help as he needs to get, tailored to his particular problem.

In the assisted service section, we are not only trying to place people against job orders that have been received but we are working from the individual into the employment market, going and knocking on doors, persuading employers to take the individual. We have through our training program a capacity, in effect, to subsidize an employer who takes on a person with special employment difficulties and trains him, Training on-the-Job for Disadvantaged People. These special program counsellors can, in effect, tailor a response to the individual although we are just at the beginning of that kind of additional service. We have only had the resources for the last year or so, we have only had the staff for the last year or so, and we have not yet made much impact with it, I am afraid.

Senator Neiman: I understand that also you will refer applicants to psychiatric services, if you feel this is part of their difficulty in finding jobs or maintaining employment.

Mr. Manion: In the past year we began to use this new tool. Previously, we would send somebody out to a job for which he seemed to be eminently qualified, but he kept being turned down by employers or he would last two weeks or a month and then lose his job. We did not have a facility in manpower centres to assess the problem. So we got authority to pay for diagnostic services. We will refer

people to professional practitioners, community agencies, provincial agencies, for psychometric testing for work assessment in a formal sheltered workshop setting. We will pay for this service. We will pay if someone needs to have visual tests. This is a problem in some parts of the country, where people never have their eyes tested, they cannot see properly and they get on the job and mess it up. Others have poor hearing and have never been tested. In the past twelve months we have begun to purchase these diagnostic services.

Senator Benidickson: How much is in the estimates for the new year for this service?

Mr. Manion: \$250,000.

Senator Benidickson: Out of how much in total?

Mr. Manion: \$600 million.

The Chairman: The figures are \$655,142,565.

Mr. Manion: We believe the \$250,000 for this coming year is all we need for that particular purpose. There is a shortage of the kind of facilities to do this kind of testing and assessment.

Senator Neiman: To get back to the counsellors again, I understand that at the Brampton office, which I will use as my model, each counsellor there has about 800 names of applicants on file. Maybe I misunderstood, as to whether it is applicants who are looking for jobs, or job openings; it could be a combination of both.

Mr. Manion: It is very possible that we would have in our live file of people looking for jobs and looking for help up to that many workers per manpower counsellor.

Senator Neiman: It was applicants. I think that was the figure Mr. Parker was using, of applicants. Right off the bat, there is no one counsellor who can in any way service 800 applicants for jobs. That is an impossible task.

Mr. Manion: That is quite true.

Senator Neiman: First of all, there must be a great deal of duplication somewhere. I know from being told by people who have visited manpower centres that they register at different ones, so you are going to have that type of duplication, to begin with. How can you weed down the number and get an up-to-date list, so that you can deal efficiently with the applicants who really do need jobs?

Mr. Manion: To start with, I do think that the case load of the counsellor is far too heavy; and I am sure everyone will tell you the same thing.

Senator Neiman: Yes.

Mr. Manion: There is no way that one person can look after 800 people and do it properly. The job information centre is supposed to do some of the weeding out. These people are encouraged to come and use the job centre. If they are job ready and jobs are available, they can get them this way. We have a purging system, that eliminates from the file those people who no longer need our assistance and we purge the file every 30 days.

Senator Neiman: How do you do that?

Mr. Manion: We write to the individual and we ask him if he has been successful in getting a job or whether he still wants to keep a live registration on the files or not. If

he responds and says "Yes, I still need help," his card is kept in the live file.

Senator Neiman: Is not the problem right there, that 90 per cent of them would not even bother to respond? Is not that part of your paper war and part of the cumbersome system, that you have to write the person, knowing that you will probably get a 10 per cent return?

Mr. Manion: In co-operation with UIC, we are in the process of introducing a different system of purging the files, in which the onus will be on the individual to inform us that he still needs help.

Senator Hicks: Otherwise, he is purged?

Mr. Manion: That is right. The onus will be on him to use the job information centre and to keep in touch with the counsellor assigned to him. If he does not do so, we will assume he is no longer interested in our service and he will be automatically taken out of the live file.

Senator Neiman: What are you purging him for?

Senator Benidickson: How do you handle your clients under the new policy?

Mr. Manion: We will do it through the existing system. We will do it in writing and we will do it in counselling sessions with them.

Senator Neiman: It occurred to me, while talking with Mr. Parker that day, that if the system were such that when the client came in and registered you informed him that his card would remain active for 30 days or other given period of time. And if you did not hear from him again within that time, confirming that he was looking for that job, it would automatically be purged.

Mr. Manion: This, in effect, is the system we are installing, and it is on the recommendation of people like Mr. Parker.

The Chairman: Senator Sparrow. A supplementary.

Senator Sparrow: In regard to the active and inactive files, after 30 days, or whatever period you decide on, a file would become inactive. Then, if the employee, or the potential employee, comes back again in the future, is that same file brought forward then?

Mr. Manion: Yes. It is brought forward from the inactive sector, and it is updated. There will be some categories that will not go on to an inactive basis under any circumstances, however. These will be people drawing unemployment insurance benefits that we know are still drawing benefits, there will be people who have been identified as clients with very special needs—perhaps clients who are not able to make this judgment on their own—and we hope to have a case load approach for them. Certain counsellors with special training will keep after these clients and follow them up until they have been looked after.

Senator Neiman: Including the welfare group?

Mr. Manion: Yes. This will include the welfare recipients, unemployment insurance recipients, people referred to us from other agencies, including the recent prison inmates group, or inmates of mental institutions.

The Chairman: And they will not be purged until they get a job?

Mr. Manion: They will not be automatically purged until the counsellor, and perhaps the client, and the other agencies involved, such as UIC and welfare, decide we cannot do anything more to help them.

Senator Sparrow: How long would you keep that in an inactive file? It would stay there forever?

Mr. Manion: Eighteen months.

Senator Sparrow: And then what happens to that file?

Mr. Manion: It is destroyed.

Senator Sparrow: A further supplementary. Are those records available to any other outside source? Is the detail on the applicant's file available to any other source, such as an employer or credit bureau?

Mr. Manion: No. The employment service regulations stipulate that we must keep this information confidential. It may be required by the courts, and officers of the courts may come in and check it, but it is not available to other people.

Senator Sparrow: If the applicant has a criminal record, as such, are you suggesting that that would be on his employment file?

Mr. Manion: It should not be on his employment file. It might be on file if he has been referred to us from the Penitentiary Service, but if he comes in and registers with us, we would not ask him whether he has a criminal record. That is none of our business. If he is referred to us from the Penitentiary Service, or if we went into the penitentiary and started the process within the walls, then...

Senator Sparrow: Is that information made available to employers?

Mr. Manion: No.

Senator Croll: Suppose a man is registered with you at Brampton, and nine months later he appears in Brantford, Ontario, how does that file come forward to Brantford, Ontario?

Mr. Manion: It can come forward, but under the present system it is more likely that he would fill out a new registration form. When we have the labour market hooked up with computers, it will be possible to have access continually to the same data, because instead of being stored in one office or another, it will be stored in a central memory bank. That will save a lot of the problems you have suggested.

Senator Neiman: When new jobs, or job opportunities, are referred to the centre, it is my understanding that the applicants on file are to get first consideration. A job opportunity is there for circulation to all the counsellors, and the counsellors have to go through their 800 names to see if there is a suitable applicant at that point, presumably. What happens then? If he finds a suitable applicant, does he write a letter, or does he try to get him on the telephone and tell him about the opportunity?

Mr. Manion: We try to get him on the telephone. We use other methods from time to time. We have used telegrams, for example, in the past, but essentially we get on the telephone and try to get the individual in fast for referral to that job.

Senator Neiman: And if a person were to walk in through the door and look at the JIC, and he was equally suitable for the job, and were to ask for the job, would you say, "Sorry, but I have to check this man out first to see if he wants it before I can let you have the details on it"?

Mr. Manion: We have had some trouble with the question of how soon to post these jobs in the JIC. When we began the system we kept them out for 24 hours to make sure we looked after all the registered clients and the people with special problems, before they were shown on the board. We feel that that delay should be the minimum possible, and we now hope to reduce it to about two hours, I think. In that two hours we hope to ensure that the job is circulated to counsellors, and that they do a fast check of their files. They do not have to go through 800 names, of course, because their clients are filed occupationally; so if the job is for a motor mechanic there may only be two of the 800 names to look at. They would therefore check this very quickly.

Senator Neiman: Are the counsellors allocated different parts of the labour market, or do they specialize in different types of clientele? Are they trained in all aspects of the labour market, and do they keep files of all applicants?

Mr. Manion: Generally, in the assistant service sections, they are divided up by occupational categories, but we allow some flexibility, because in the smaller offices, where you may only have a couple of counsellors, you cannot afford specialization. In the larger ones you have a great deal of specialization. It is extremely difficult to get one counsellor experienced in every facet of the labour market, and especially as we have gone through a period of fairly substantial staff change, we have a lot of inexperienced people who have to be trained.

Senator Neiman: Perhaps you would tell us how you train them when they first come in, then, as far as particular branches are concerned.

Mr. Manion: I will ask Mr. Hunter to respond to this, because he is more familiar with it than I; but our training program consists in the first place of an orientation course, and then various upgrade and refresher courses during the individual's career. It is spotty at the present time. It has been spotty since about 1971, when we were hit with severe unemployment, coupled with major new winter employment programs and summer employment programs. Training is always something that suffers when the pressure is on, and we are not at all satisfied with our training efforts. I will ask Mr. Hunter to speak on this.

Mr. Hunter: We do not have a breakdown of the amount of time that is actually taken in this sort of induction-orientation training, but I have some figures here which may be of interest to senators. Roughly 7,000 departmental employees on the manpower side, in 1973-1974 took a total of 24,414 man days of training. A great proportion of that would be induction-orientation and training.

Senator Neiman: Is this within the community? Is this within the region? It is the type of training that interests me, not so much the length of time taken. I am interested in exactly how they are familiarized with the needs of the community in which they act.

Mr. Hunter: Yes. The induction-orientation is normally taken right in the CMC itself. The training program would be developed by the manager, in consultation with the

supervisors of the various sections. It will involve training in the classification system for occupations that we use in the CMC's, and then working on the job with an experienced counsellor, to learn how to operate as a counsellor. As Mr. Manion has said, we are not very happy with this approach. In some cases it works very well, but it is so dependent on management and staff, and on the pressures in the particular office.

We are experimenting in a couple of places with a better system, we think. For example, in Montreal they have a separate classroom set up, and a new counsellor who joins the CMC in Montreal spends two weeks, as soon as he joins, in this training school. He is actually shown the manuals, he is taught the legislation and various things about the labour market and economic situation in Montreal, and so on. Then he goes back to his CMC for a period of on-the-job training, comes back to the school for another two weeks, then back to the CMC, then back to the school for a final two weeks. In all he gets six weeks of classroom training, plus about three months of on-the-job training. At the end of that period he is supposed to be a qualified counsellor. Toronto has somewhat the same sort of special training in the CMC.

Senator Neiman: What I am really interested in is the program of familiarization with the job market in the area. How much time do counsellors spend, for example, going out into the market to see the types of employment opportunities that are available, let us say, in the Brampton area, and the Mississauga area, and various other areas in the region?

Mr. Hunter: This is an area where we are not doing as good a job as we would like to, quite clearly. It has come up from a number of CMCs that the staff should have more time to visit the employers and to see the workers placed, to talk with the people who are actually doing the job and to talk with the personnel pool in the plant and to hear about their particular requirements.

The pressure on the CMCs has been so great in the past few years that the managers have not felt able to free the people up for that type of exposure, but it is clearly very desirable.

Mr. Manion: We introduced about a year and a half ago a plan of organized visits to employers establishments. Previously, this had been left to the local management. We have stipulated now that we want a certain volume of these employer visits to take place, and new counsellors go along on these visits. They meet the personnel people and talk about their problems.

In 1973-74 we had 215,000 of these visits. In previous years we did not keep statistics. I suspect that the quality and quantity of these visits was pretty questionable. We are determined to expand this just as much as the resources permit.

You are quite right in suggesting that a counsellor who does not know the problems of the employer or the conditions of work at that establishment is going to have difficulty doing his job properly. We agree to that.

Senator Graham: Mr. Chairman, I wonder if the witnesses have any figures with which to compare the results of their job placement activities with those of private agencies?

Mr. Manion: We have some information, but it is quite suspect, senator. The private placement agencies do not file

reports with us or with anybody else. There are some private research studies on this subject. I would not want to take any responsibility for the data contained in them. I have seen one recently, and every second line it apologizes because the data is not available.

But in broad terms the suggestion is that in this particular year the private placement agencies in Canada made 50,000 or 60,000 placements. The average employee made about 40 placements a year compared to about 150 in the CMCs. I am given to understand that in the CMCs about 150 placements are made.

Senator Graham: You are talking about a ratio of 3 to 1.

Mr. Manion: Yes, but based on very suspect data, senator. I would not recommend it to anyone. It makes interesting reading, but there is no requirement that these people report their figures to anyone.

Senator Graham: In this context, is there any ratio in terms of skilled versus unskilled applicants, professionals or those who are seeking executive positions? I am thinking in terms of whether or not they would go first to the private placement agency as opposed to a Canada Manpower placement agency. I am thinking of the professional or skilled worker as opposed to an unskilled worker.

Mr. Hunter: We do not have any data that I am aware of on the distribution of clients of private agencies. So we cannot really compare our breakdown with theirs. But on page 11 of the paper we distributed to you there is a chart showing that in 1973-74, of the clients registered in CMCs, 25 per cent were in clerical and related occupations; 7 per cent were in sales; 12 per cent were in services; and so on. I am afraid we just cannot compare those, Senator, with the private agencies.

Senator Graham: You mentioned that roughly 63 per cent of job vacancies were filled within 10 days. Is that correct?

Mr. Hunter: Yes.

Senator Graham: What kind of follow-up do you have in terms of following these particular people who are placed in jobs and determining how long they remain in those jobs?

Mr. Hunter: We have no formal follow-up at the moment, senator, to see how long people remain in their placements, in their jobs. To have a full effectiveness mechanism you would need to have a kind of longitudinal study where you follow a certain group of people placed for a particular period of time—say, three months, six months, 2 years, or 3 years—which would be very costly and very difficult to master. We have on the immigration side of the department a longitudinal study, as you perhaps know. What we would hope to do over the next year or so is to sample certain placements after a period of three months or 6 months and see how they have behaved and whether they are still with the same employer or have changed employers and so on. At the moment, however, we are not doing that.

Senator Neiman: By way of a supplementary, the thought occurred to me, going back to my own area, that part of your placement program is specialized, and in Toronto you have a professional office, do you not, which is quite distinct and apart for just professional placements of people in that category?

Mr. Manion: We have an office in Toronto. We have a few others as well. They are far from being the kind of executive and professional placement service that would really be required to service this part of the market. We tend to use regular CMC procedures, regular CMC resources. We have proposed the establishment of a pilot project in Toronto in which we would mount an executive and professional placement service the way it should be mounted. It would have specially trained staff with greater flexibility to handle the clients in the way in which they would be handled by a private concern. The British have done this recently. They do it on a fee-for-service basis. We are examining the British experience and are trying to structure a pilot that would enable us to find out whether that is a field that a public employment service should legitimately try to get into.

Senator Croll: If I may interject, the fee for service would be only for the executives, would it not? There would be no fee for service otherwise?

Mr. Manion: No, in Great Britain they charge a certain fee to the employer for placing an executive with it.

Senator Benidickson: It is a matter of contingency. It is based on placement: no job, no pay.

Senator Sparrow: By way of a supplementary, would you have a further comment on the private agencies with respect to whether or not they are really complementing your service? Do you find anything detrimental to the total service as a result of the service given by the private agencies? Do you advocate that they should remain in service as such? Are they playing a valuable service or are there areas in which they are at odds with your department? You mentioned further that you were looking at an experimental project. Is that because you feel that the private agencies are not filling that need for the executive branch?

Mr. Manion: Senator, I will try to respond factually and keep my personal opinions out of this.

The Chairman: We would be delighted to have your personal views. In fact, we would be more delighted to have them than to have the facts, really.

Mr. Manion: Well, perhaps we will start with the facts. The private employment agencies are "head hunters." They skim the cream of the top. Even with the executive and professional people they will very often create a job opening by raiding. They will look for somebody who is a marketable commodity and persuade him to leave the job he has to go somewhere else. It is a lucrative business and they have a great deal of freedom that we do not have. We must work within the non-discrimination clauses of the employment service regulations and we are prohibited from doing certain things, and we are certainly prohibited, for example, on behalf of an employer from looking for a secretary with certain physical features. But a private employment agency not only makes referrals, but it does recruitment and does a great deal of the selection for the employer which in turn takes a lot of pressure off the employer. We cannot do that.

Personally I am opposed to a legislated monopoly for a public employment service. I think the only way for it to carve out a bigger share of the market is by competing effectively with others. But I do think the public employment service should be free to do some more of that competition. For example, I think our casual labour pools

should take on more of the attributes of the temporary help agencies so that we can provide check-off services for the employer and take a lot of paperwork off his desk. If we could do that, I think we could compete very successfully with the temporary help agencies. In the field of agriculture that is exactly what we are doing with the farm labour pools. We are not competing with anybody but we are establishing methods which I think if used in the urban industrial sector could compete very, very effectively with the temporary help agencies.

Senator Croll: Do you suggest that the other agencies in these casual situations get rid of a lot of paperwork for the employer?

Mr. Manion: The temporary help agencies do this, senator. They, in fact, become the employer of record and they rent out the casual labour to a secondary employer who pays a fee, frequently a very large fee, per hour for these temporary workers. But the agency hires them, makes all the deductions, looks after all the paperwork involved in employing them, and the secondary employer gets an invoice and pays it.

The Chairman: Are you talking about a fee-for-service basis?

Mr. Manion: No, this would not necessarily be a fee-for-service basis. I think we would not want to get a fee for permanent placements, but perhaps a fee to cover costs for the paperwork and check-off services.

Senator Croll: I do not understand that. That is not my experience with casual labour, when you say that they just wash their hands of it and merely pay a fee. That may be so in some instances, but that is not the end of it, surely.

The Chairman: Well, we can come to that perhaps later in the questioning. I have a supplementary, Senator Graham. You used to have an E and P Branch which was touted very widely. Perhaps I am going back about 10 years now. What happened to it?

Mr. Manion: We no longer have a branch in Ottawa. We have some executive and professional offices scattered around the country in our regional districts. They operate within the general employment system. They do not have extra resources. They do not have staff that have been given professional training in dealing with executives and professional categories. They do not have offices to which the employers of those people would want to come normally. They operate by the scale of furnishings and the scale of operations of the general employment service.

The Chairman: But there was one at that time in Winnipeg that was really quite sophisticated, or attempted to be, in any event, and was almost hived off from the general office. It may not have been separated physically. In fact the service was very proud of that operation. But more recently I have not heard anything about it.

Mr. D. G. Wallace, Regional Director, Department of Manpower and Immigration: There is a small section there.

The Chairman: In other words it is reduced in size from what it was?

Mr. Wallace: Yes, it used to be a separate entity and it was on a different floor. But now it is completely integrated.

Senator Sparrow: What exactly were you talking about, Mr. Chairman?

The Chairman: Executive and professional people. However, I will come back to that when my own time for questioning comes.

Mr. Manion: We do have some people who specialize in this, and that is the point I was making, but they do not have the resources, the training, the equipment and the accommodation to do the job properly. To do it properly, we would have to organize a much different approach to this than we have at the present time.

Senator Graham: I am wondering about the kind of co-ordination that exists between manpower centres and the departments of education in the individual provinces right down to university and high schools. In terms of vocational training, selectivity of courses and the choosing of a career, the minister mentioned last week, when he touched on this very briefly, that the market was glutted at one time with teachers—and perhaps Senator Hicks, as the president of a university, could comment on this himself. I have noticed from personal experience the number of university graduates with Bachelor of Arts degrees who are very much on the market looking for jobs without any professional or formal training that would suit them for a particular occupation. It seems to me that a great deal of work could be done in the future and that was one of the things that the minister emphasized last week in connection with the new program, that you would be looking to the future in devising new programs in order to solve this kind of problem. I am speaking now of putting students on the proper course or the proper path so that they really realize that when they graduate from university with a Bachelor of Arts degree, that they could not automatically expect to find a job in the labour market or whatever kind of a market to which they were looking for employment. It seems to me that this is an area that requires a tremendous amount of attention, and I wondering what plans if any you have formed?

Mr. Manion: For the past two years, the department, its minister and officials have been talking about the future when we are going to do a better job of projecting of occupational requirements to be used by the educational systems and the manpower system and industry itself. I am pleased to say that the future is getting closer all the time. We have developed a system called the Canadian Occupational Forecasting System and it will produce forecasts of demand and supply in about 500 major occupational groupings. This will be published in two series of documents—*Careers Canada* and *Careers Province*. We hope to put this in the hands of all vocational counsellors and manpower counsellors around the country. It will be possible for youngsters who are contemplating a career in a particular occupation to see what the possibilities are for the next five or ten years. We are very excited about this new instrument because in the past we have been handicapped because we know what present conditions are and we know what the history has been, but we have been naked as jaybirds in trying to counsel people about the future. That is, except through our intuitive understanding of the market and what is likely to happen. But we are now about to produce these occupational forecasts, and we are checking them out with industry and with the provinces. We began a dialogue with the provinces about three years ago as to the best way of doing this and the best way of using the data. It is about to come on-stream. We have

people from our department who are engaged more closely in this work and we will be glad to arrange a more detailed answer to your question at any time if you think that would be useful.

Senator Graham: Do you have any university graduates come to your manpower centres?

Mr. Hunter: I do not personally know that we have any data which shows what proportion of our clients have degrees. The data we have is that which I referred to earlier on page 11.

Senator Graham: Let me ask you this then. If someone with a university degree—and coming from my area perhaps I should not be stressing that quite so much as the point about unskilled persons, but I have a lot of those answers already from other questions that have been asked—but what about the university graduate who goes into a manpower office in Halifax or Sydney and learns of a job opportunity in Toronto. Do you provide any assistance for the applicant to travel to Toronto to be interviewed for that particular job and then to come back home again?

Mr. Manion: Yes, if the job seeker is unemployed there is provision under the Manpower Mobility regulations to send him for an exploratory visit to the job centre if there is a prospect for continuing employment and then later if he gets the job to move him and his family to the job site. But there are some qualifications, as you will understand. We try to move people the shortest possible distance. In other words you would not send a man from Halifax to Vancouver if there was a good prospect of his getting a job in, say, St. John, but the machinery is there to move him.

The Chairman: Senator Neiman has a supplementary.

Senator Neiman: I want to revert back to the earlier statement of Mr. Manion's with regard to the forecasting project.

Mr. Manion, are you working actively with the provincial departments, such as the departments of labour in the various provinces, and any other departments, or with industry within the provinces, and are you intending to transmit this information that you put together down to the training level, the vocational and high school levels, or do you expect people to come to you to find out that the information is available?

Mr. Manion: We recognize that most people make their career decisions long before they ever approach a Canada Manpower Centre. We would expect that the occupational data would, in the main, be fanned out through the vocational counsellors in the schools. We are trying to improve the quality of our service to schools, the extent of our liaison with schools. We have proposed exchanges between vocational counsellors in schools and Canada Manpower counsellors and we have developed a standard of service to schools very recently which we hope is going to produce a more consistent service. This, in the main, is the way we hope to distribute this material.

Senator Neiman: Will your department be working with the departments of education of the various provinces who plan the courses for these schools and the universities?

Mr. Manion: Yes. In each province we have a federal-provincial manpower needs committee which is responsible for looking at the training requirements from the point of view of the labour market in the province con-

cerned, as well as from the point of view of the people. We do this not only for the purposes of planning the occupational training program funded by the federal government, but as a means of getting and distributing the data to all the partners in the market. The provincial departments of education and higher education are very important participants in the federal-provincial manpower needs committees.

At the present time, we have, perhaps, a thousand times more data and better data than we had two, three or four years ago. When this process began, it was an extremely crude one. Now it is backed up by occupational forecasts and by the use of some of the econometric models that are available. There is much less seat-of-the-pants planning with respect to training programs than was the case even two or three years ago.

The Chairman: Senator Hicks has a supplementary.

Senator Hicks: My question, Mr. Chairman, is really supplementary to the last part of Senator Graham's question in which he referred to the mobility and assistance for mobility. In the minister's paper which he gave the committee last week, at page 10, he refers to the number of workers assisted under the mobility grants program, and then he goes on to say:

The benefit-cost evaluation of this program shows the amazing return to the economy of \$12 for every \$1 spent.

And in other parts of his address he again referred to this benefit cost evaluation, and Mr. Hunter referred to it in his remarks today. Would it be possible for you, in a few minutes, to give us some idea of how you calculate the benefit cost evaluation in the remarkable ratio of \$12 to \$1?

Senator Croll: Mr. Chairman, I was going to ask the same question, but in a slightly different way. Perhaps Mr. Manion could tell us how much was actually spent in dollars in the last fiscal year and then we can relate that to the \$12-to-\$1 ratio.

The Chairman: This is in respect of the mobility grants program?

Senator Croll: Yes. Mr. Manion puts it on a benefit-cost basis. I would like to know what it is in dollar terms.

The Chairman: I think that breaks down to a two part question. Perhaps you could first answer the part on the method of determination and then the amount of money spent on the mobility program.

Mr. Manion: We will get the precise dollar figure in a moment.

Senator Benidickson: I have a third part, Mr. Chairman. Twenty-two thousand mobility grants are referred to in the summary. Out of those 22,000 grants, what would be the average in dollar terms?

Mr. Manion: We will get that information, senator. It may take a few more minutes and we may have to table it at the end of the session.

As I was saying, it is easier for me to say we have a benefit cost analysis than to explain it. It was developed in cooperation with our officials and officials of Treasury Board. I think you will understand that the development of acceptable measures, of acceptable data, is the result of a good deal of negotiation.

Senator Hicks: And assumptions?

Mr. Manion: Well, our assumptions tend to be tempered a good deal by the assumptions of Treasury Board. We feel that, on balance, the benefit-cost report is a relatively conservative one in the final analysis. Many of our assumptions are made on the low side. Mr. Magun of our Strategic Planning and Evaluation Group is here this morning and perhaps he can explain the technical aspect of the cost benefit analysis.

The Chairman: Can Mr. Magun do it succinctly?

Mr. S. Magun, Chief, Quantitative Methods Division, Strategic Planning and Evaluation Group, Department of Manpower and Immigration: I do not know whether I can do it succinctly or not, Mr. Chairman, but we take a follow-up survey of all the clients who have been granted manpower mobility grants. We go to these clients one year after they move to another area and find out their employment history and earnings during that one year period. The two factors we look to are the client's earnings and the length of time he has been employed.

Before a mobility grant is authorized, the department obtains from the client his or her employment history, and after the one year period we compare the client's employment history both before and after the granting of a manpower mobility grant. The other factor, as I said, is the length of employment. These two factors are then used to estimate the benefit of the program.

Senator Hicks: It is not, then, simply a question of how much it costs to move the person in relation to how much you would have paid that individual in unemployment insurance benefits, or something like that, had he remained at place A unemployed rather than relocating to place B where he was employed?

Mr. Magun: No, it is what we call the economic costs—transfer costs and resettlement costs.

The Chairman: I think honourable senators can understand what the costs are. It is the benefits with which they have the problem.

Senator Hicks: How you assess the benefit.

Mr. Magun: Benefits are assessed only from the point of view of earnings and length of employment.

Senator Croll: Taking an unemployed man, for example, you put him into a job where he is earning, say, \$10,000 a year. How would you work out the benefits?

Senator Carter: Assume the costs are \$1,000.

Senator Croll: Whatever the costs.

Mr. Magun: When a client comes to us for a manpower mobility grant he fills in a form stating his previous employment history—his earnings per annum, and so forth.

Senator Hicks: And unemployment insurance benefits?

Mr. Magun: No, just earnings on the job.

Senator Hicks: Unemployment insurance benefits, then, are not calculated?

Mr. Magun: No, just earnings on the job. The two elements on which we base the benefit are his earnings on the job and his stability or length of employment.

Senator Croll: The cost of moving?

Mr. Magun: Yes, less the cost of moving.

Senator Croll: And are there any other costs involved?

The Chairman: Related to the costs of moving to give the cost benefit?

Senator Croll: Yes.

Senator Hicks: One figure is twelve times the other. Is that what the conclusion is?

Mr. Magun: Yes, the benefits are 12 times the costs. In other words, for every dollar of economic cost the Canadian society would receive \$12.

The Chairman: In effect, you are saying that if the man earned \$4,000 during the year previous to the mobility grant, exclusive of unemployment insurance, and earned \$8,000 after the mobility grant, the differential would be \$4,000. If it cost \$500 in mobility grants, the cost-benefit would be one to eight.

Mr. Magun: Eight to one, or one to eight. We do not include unemployment insurance, but if he was receiving welfare payment, no. That is what we say, it is a transfer payment.

Senator Hicks: On the previous page of the minister's address he refers to the Canada Manpower Training Program and its counterpart, the Canada Manpower Industrial Training Program. He went on to say that they:

... are major thrusts by the Department to help Canadians satisfy their human and material wants through the labour market. The extent of these thrusts is manifested in the financial commitment to the program—some \$405 million this fiscal year alone.

The joint Treasury Board-Departmental benefit-cost evaluation of this program estimates that the economy benefits from \$4 to \$6 for every dollar invested in training.

Again, then, do you calculate this with reference to the earnings of the employee prior to his training and after his training?

Mr. Magun: Yes, we conduct a follow-up survey of all these trainees after they have obtained jobs and compare that with the before-training situation.

Senator Hicks: Then divide the cost of training into that?

Mr. Magun: That is right.

Senator Hicks: To arrive at the cost-training ratio?

Mr. Magun: Yes.

The Chairman: Senator Croll had a question which was part of that, related to the total amount spent on mobility grants.

Mr. Manion: In 1973-74 the total spent on mobility grants was \$11,482,000, broken down into several categories. I have a table which I can pass to the clerk.

The Chairman: Would you prefer that to be included in the record, senators?

Senator Langlois: Yes, it should be part of the record.

See Appendix "A"

Mr. Manion: Several types of grants are covered in this table, such as those whereby applicants and their families are moved permanently.

The Chairman: I might observe, Mr. Manion, that we will be discussing mobility.

Mr. Manion: My point is that it is very difficult to give one average, because we then arrive at a depressed average. The fact is that we move tens of thousands on trainee grants and when these are divided into the total we arrive at a very small result.

The Chairman: That is fine, but what is the answer to Senator Benidickson's question?

Senator Benidickson: Are we speaking of 22,000 or 11,000 mobility grants? On page 1 of the summary reference is made to 22,000 and Senator Hicks referred to 11,000.

Senator Hicks: The minister's paper on page 10 states that in 1973-74 11,019 persons were assisted under the mobility program.

Senator Benidickson: Where does the 22,000 come from?

Mr. Manion: 11,019 people were moved under the permanent relocation factor. Thousands of others were moved under trainee travel grants and temporary employment grants. The total number of grants of all types in 1973-74 was 74,218.

The Chairman: Is that related to \$11 million?

Mr. Manion: That is related to \$11,482,773.

Senator Benidickson: What type of people make up the 22,000 mobility grants which are referred to on page 1 of your summary? I am referring to the Synopsis of the Manpower Programs Information.

The Chairman: That is our summary of the brief.

Senator Benidickson: At the bottom of the first page it says that over 22,000 mobility grants were approved in the 1973-74 fiscal year. Senator Hicks referred to 11,000 and we then had a figure of 74,000. I would like that reconciled.

The Chairman: That is on page 1 of the summary, but page 9 of the brief. In the centre of the page it says:

During 1973-74 some 22,000 mobility grants of all types were approved.

Mr. Manion: This would exclude the trainee travel and commuting allowances, which are very small amounts paid to people to travel back and forth to courses or other manpower services. The 22,000 would include the permanent relocations, the exploratory trips made by workers to look at possible jobs. I have two tables—

Senator Benidickson: This eliminates the figure of 11,000 referred to by the minister.

Mr. Manion: The 11,000 are the permanent relocations. These are the families that are moved at the end of the process. I have tables showing the amounts paid out under each category of grant and the number of people moved under each category.

Senator Croll: It is all in the annual report.

The Chairman: Perhaps we could leave consideration of this, because it is obviously a fairly large subject, to the next hearing, which will be a detailed examination of the mobility grants. That gets us back to Senator Graham.

Senator Carter: Mr. Chairman, it would be useful to have that appended. (See Appendix "B")

The Chairman: Yes, we are going to have this appended as part of today's report. We are also going to have photo-stats made of these and distributed to honourable senators.

Senator Graham: I have a number of questions, but I shall ask just one. Do you have a table which shows the various salary ranges into which job applicants are placed?

Mr. Manion: We can certainly look for that information, senator. We do not have it available at the moment. I should apologize for not having fully answered an earlier question asked about university graduates coming into CMC. I should have advised that we do have manpower centres on 72 university and community college campuses across the country. Not all of them, unfortunately, but 72 of them. In those centres the primary purpose of the service is the graduating student.

Senator Graham: Mr. Chairman, could we procure that information?

The Chairman: Oh yes, that is a request, and I believe it will not be difficult to obtain.

Senator Graham: As well as a table on the salary ranges.

The Chairman: I am sorry, I missed your point. You want—

Senator Graham: I was asking if they had a table—

The Chairman: The table of salary ranges has been requested. You would also like a table showing the number of university graduates—as a percentage of young people or as a percentage of the total applicants?

Senator Graham: As a percentage of the total applicants.

Senator Hicks: Mr. Chairman, let me say that the general attitude of universities in Canada is very favourable towards the manpower centres on university campuses. Almost without exception they work extremely well.

The Chairman: I might state parenthetically that on page 9 of the annual report for 1973-74 it states as follows—and while this has nothing to do with university graduates, it shows the magnitude of the problem:

Departmental programs focused on the employment problems of young workers, who formed 27 per cent of the labour force and almost 50 per cent of the department's clientele.

That gives you an idea of the magnitude of the problem of young workers.

Senator Croll: Senator Graham was talking about salaries, and you said there were a varied number of salaries, but you could not give them. Let me refer to wages, as different from salaries. There is the man, the job, and there are the wages. Do the wages concern you in any way, when you refer a man to a job?

Mr. Manion: The wages and general environment of the job do concern us very much, because if they are bad it will

be extremely difficult to place someone in the job or to keep him there for very long. One of our concerns is that we do tend to have registered in manpower centres the poorer quality jobs. I believe Mr. Andras, in his statement the other day, referred to the fact that a study we did in Edmonton showed that the average wage of the jobs registered with us was about 30 per cent below the average wage in the Edmonton labour market. This is of great concern to us.

Senator Croll: What are you doing about it?

Mr. Manion: We are trying to get out and solicit from employers better quality jobs. We are trying to get rid of the image of Manpower as being a place where you go to get unskilled workers, and we are trying to persuade employers—at least, the minister is—to improve the quality of the jobs, to improve the wages and to improve the working conditions. That is a tough exercise, but it is an important one. In the case of agriculture, for example, we believe that only the improvement in the quality of agricultural jobs has made possible the meeting of the need in the last couple of years. Agriculture placements have increased, but only because the jobs are better.

The Chairman: I have Senator Carter, and then Senator Croll. Senator Carter?

Senator Carter: Yes, Mr. Chairman. I am going to change the subject a bit. In your brief you have used the word "community" a number of times—Mr. Hunter referred to it this morning, also—in the sense that your policy is to make the manpower centre a part of the community. I can understand that in Toronto and Vancouver—large industrial centres—but coming down to the Maritimes, and my own province of Newfoundland, I find it difficult to understand that concept of making the manpower centre a part of the community. Do you relate it to the area, in the sense in which we use the word "area", or is it restricted to a particular centre?

Mr. Manion: We use the word "community" to mean the people in the area served by the manpower centre. If it is a town, it is the people in the town; if it is an isolated rural area, with no towns, it is all the people in that isolated rural area. Traditionally, manpower centres have been organized in urban areas. They have not served rural or isolated areas very well. We are trying to get across to our own staff the idea that they must give service to all the people in that area, even though they are 50 miles down the road.

With the Outreach program we are doing such things as putting Outreach workers in isolated communities in Labrador, where we will never be able to justify putting a manpower centre, but where we can have a trained correspondent who can help the people get in touch with manpower. We have provision now where we can bring these people to the manpower centre, rather than letting them wait for the semi-annual visit of the manpower counsellor.

The community, therefore, as far as we are concerned, is all the people in that area, whether urban or rural, that the CMC is supposed to serve.

Senator Carter: When you decide to set up a manpower centre, or to put up additional manpower centres where one or more already exist, what criteria do you use?

Mr. Manion: Well, unfortunately the first criterion is whether we have the resources. For a period of five or six years the human resources in the department, diverted to

manpower, were virtually stagnant. We did not have any extra people to put into new offices. The question, therefore, of what new offices were to be opened was very often a question of deciding where the most extreme pressure was. So we would open an office at the new airport at Ste. Scholastique, for example, or we would open an office in connection with the Churchill Falls development; but we would not open offices in many communities where there were needs for manpower services. This is the prime criterion: Are there the extra resources to do it? If there are, we try to look at not only population but the need for service.

For example, in 1973-1974 we devoted most of the additional resources we had to opening offices in isolated areas. We increased our staff in the Northwest Territories and the Yukon by almost 50 per cent. We have hopes that we will be able to do the same thing in respect of other isolated areas.

You do get a much lower benefit-cost return if you put people in isolated areas. You must accept the fact that they are not going to produce many placements. Much of their service is going to be unmeasurable in many ways, and when you have limited resources this is a very severe problem.

Senator Carter: That is what I was getting at. It is not geared entirely to the needs of the people where there is a need for placement. It is in these areas that the need is probably greater than it is in the urban areas. It is not geared to need at all.

Mr. Manion: Unfortunately this is so, senator.

The Chairman: Senator Neiman. A supplementary.

Senator Neiman: Thank you, Mr. Chairman. Referring to Senator Carter's first question about community, and the community philosophy, if I may use my area as an example, again, we have a large rural area north of Brampton which is serviced, apparently, either by your regular Brampton office, or by a two-day a week office in the Orangeville area. Of course, we have a large rural population in there, and the question that comes to my mind is, what is the philosophy of the manpower centres in trying to place these people?

I have here an unemployment insurance form in which someone who was on unemployment had her benefits cut off on the ground that she has not looked for employment sufficiently or assiduously enough to comply with the regulations. Perhaps we can look at that in detail later on when we examine that area.

Part of the reason that the unemployment insurance people gave for cutting off the benefits was that the Manpower office had apparently provided her with job opportunities in various areas. Well, she happens to be in a rural area, the small village of Alton, and the jobs listed were in Mississauga, Brampton, Scarborough—which is light years away in terms of transportation, Dundas and Oakville.

To me, that type of job opportunity is not servicing anybody within the rural community. There are three in Brampton, which is reasonably close, but the rest of them I would suggest would not be of any benefit to this particular woman who lives in a small village out in a rural area.

Mr. Manion: I would agree entirely, and there are cases where the situation is much worse—for example, the entire eastern Arctic. There is no manpower counsellor there at all. A person might have to go 1,000 miles to visit a Manpower counsellor if he wants training or assistance.

Senator Neiman: What I am getting at is that a person who comes in to you for assistance is given a list of jobs 45 miles away. This woman was obviously in the labourer class looking for a factory job. She would not have the transportation or facilities. So in point of fact, offering those jobs is just a futile exercise.

Mr. Manion: It depends on the individual. We have an increasingly mobile labour force. People in southwestern Ontario, for example, are particularly prepared to commute considerable distances to work.

Senator Neiman: Mr. Manion, perhaps that brings up the real point, because I understand that part of the philosophy, or what appears to be the philosophy of the people of the manpower centre, and maybe this is misinterpreted by the public, is that, if the people choose to live in the country, well and good, but if they want a job they have to find a means of getting to where the jobs are.

This is an overlapping philosophy, I would think, between or among government departments. In effect, we are trying to discourage all of the people from moving into Toronto or Rexdale, where the jobs are, and we are trying to encourage people to move out. If we want them to move out on the one hand, we have to provide some services to keep them there and not have them all driving cars back into Rexdale or into the centre of Toronto again—even supposing they could afford to do so.

Mr. Manion: Of course, this is the number one demographic problem in the entire country. The job opportunities tend to be in the big urban areas. The people in many cases would prefer to live in smaller areas but they are drawn by opportunity into the larger centers.

We could put manpower centres into smaller communities, if the resources were there, but, if the jobs are not there, we are not going to do much to help the people.

We do recognize that our manpower centres are far too big. They are big because in the past they have had to organize around their paper systems, and we did not have adequate communications between them. But as we move into this configuration shown in the Hamilton model, we begin to be able to break down the larger offices into smaller ones which are more widely dispersed geographically because they can have instantaneous communication. In practical terms, this means that in Toronto, for example, instead of having 15 we could have hundreds of small offices on a neighbourhood basis. This might mean that in your area we could have more centres with fewer staff, more mobile manpower centres travelling through the countryside, having the capacity by telephone to link up with the computer. But we are far from that now, except as a possibility.

Senator Neiman: May I suggest that "more" does not necessarily mean "better". If you get too many smaller centres you may still have the problem of communication as between or among them to find out where jobs really are.

Mr. Manion: The big problem is the location of the jobs and whether jobs exist in the non-urban areas.

Senator Carter: Mr. Chairman, I should like to know how many manpower centres there are in the province of Newfoundland at the present time, and I should like to see how that information compares with the figures from the other Maritime provinces.

Mr. Manion: Perhaps the easiest thing to do would be to show you a table setting out the number of centres by province. In Newfoundland and Labrador we have 17. We have 27 in New Brunswick, 4 in Prince Edward Island and 39 in Nova Scotia for a total of 87 in the Atlantic Provinces. We have 108 in Quebec, 120 in Ontario, 71 in the Prairie Provinces and 62 in British Columbia and the Yukon.

Senator Carter: You have mentioned placements, and when the minister was before us I questioned him on what a placement consisted of, and I think you repeated this morning that a placement was a person who was employed for a week. He was counted once. Is that the way you count the job vacancies too? If a job becomes vacant 10 times, does that count for 10 vacancies or for 1?

Mr. Manion: If we receive the job order 10 times, then it is counted as 10 job orders.

Senator Carter: Although it might be the same job?

Mr. Manion: Although it might be the same job, but we do try to identify the turnover jobs because in a turnover situation there is obviously a problem and we are not serving any useful purpose by shoving people into it. We try, for example, to identify the turnover jobs to warn our immigration people that we should not be recruiting for those jobs, and we try to warn our training people that we should not be entering into training contracts because the money is just being wasted. We do try internally to signal that that situation requires special attention. If the problem is due to low wages or poor employer practices, then we would try to sit down with the employer and get him to adjust the situation in some way so that the turnover rate is stopped or reduced. We have, and we will be discussing this next week through the manpower Consultative Service, a means of dealing with that particular situation.

Senator Carter: In assessing your effectiveness and the effectiveness of the whole manpower operation or manpower service, and here I am not talking about cost effectiveness or the money spent or the money coming in or the money going out, how do you go about measuring the overall effectiveness of the manpower system?

Mr. Manion: We have no real way of measuring the overall effectiveness of manpower. What we do now is this; we have evaluations based on individual programs. The placement service itself at the moment is subject only to quantitative analysis and we do not yet have satisfactory qualitative measures. There is nothing to measure the overall effectiveness of all of the programs and services.

Senator Carter: Would the chief criterion at your disposal now be the number of placements? Is that the main factor you use?

Mr. Manion: No, we have a number of measures that we use. Placements is one component, but we are more interested in the ratio of placements to employers' orders, in other words to what extent we are filling them. We are interested in the speed with which we fill an order. We are interested in the number of training places we buy that are filled and the number not filled. We are interested in the number of training graduates who get jobs within a certain period of time. There are a number of statistical measures that we use in combination.

Senator Carter: You said this morning that there were two kinds of placements, the casual one which was for less than a week and then the full-time one where a person gets

a permanent job. You have given us some figures in your brief on pages 9 and 10 and the minister said the same thing last week, that in 1966-67 it was 788,000, and that the estimates for the current year of 1975-76 would be 1.2 million. Are these just casuals or do they include full-time?

Mr. Manion: These are full-time placements. There are no casual placements included at all.

Senator Carter: So can you say then that these people who are employed—by the way, what do you call full-time?

Mr. Manion: Somebody placed in a job that is supposed to last for a week or more.

Senator Carter: That is full-time employment—employment that lasts for a week?

Mr. Manion: That is the definition used. In many countries they count placements period without trying to distinguish as between casual placements and continuous placements.

Senator Carter: What is the difference? Surely if a man works only a week that is casual, isn't it? Or are you talking about the nature of the job?

Mr. Manion: The nature of the job.

Senator Carter: The nature of the job?

Mr. Manion: That is right.

Senator Carter: Let us go back to the 1966-67 figures, 788,000. Say there are 50 working weeks in a year, to use easy numbers. That means 15,700 people got work for one week.

Mr. Manion: If all of them received work only for one week.

Senator Carter: It could mean that?

Mr. Manion: Yes.

Senator Carter: All you did was place under 16,000 people for one week.

The Chairman: It could mean even fewer than that, as a matter of fact, because it is jobs placed to last for a week, and one would have to assume it is a great deal more than that.

Mr. Manion: The importance of standard definitions, though, cannot be overemphasized. If we changed the definition of a placement every year our statistical theories would have no validity. If you look at the table contained in your kit you will see that the volume of placements has increased substantially from 1970-71. If we were to play around with the definition we could make those statistics do all kinds of wonderful things. We could change the definition from 1970-71 and distort the picture.

Senator Carter: Cannot you devise some system to find out if a man was employed 50 weeks, or for how many weeks he was employed between one and fifty? That would be meaningful to me. This does not mean anything, because I do not know what it means. It can mean all sorts of things.

Mr. Manion: This is the sort of measure that is used by just about all the public employment services.

Senator Hicks: In other countries?

Mr. Manion: In other countries. The cost of following up a million people a year would be extremely great, far beyond the resources that we have. As Mr. Hunter said, we are trying to develop an evaluation system for the employment service that will take a sample of the people placed, a statistically valid sample, and follow them through to see how long they stay in the job, whether they last only a month, six weeks, whether they have to be replaced and so on. When that sample is possible we will have the answers to your questions, senator.

Senator Hicks: Instead of dwelling so much upon the minimum, which is part of your definition, is it sensible to ask whether there are any figures about the average duration of job placements?

Mr. Manion: No.

Senator Hicks: There are no such figures?

Mr. Manion: There are none.

The Chairman: I should emphasize again that, as I understand the definition, it is one that contemplates what is going to happen, not what is happening. If it is contemplated that the job will last more than a week, then it is a permanent placement.

Mr. Manion: If honourable senators take the opportunity to visit manpower centres you can get a subjective view of this simply by looking at the job orders on the board. From my experience, most of them are continuing jobs. They are not hiring somebody for two weeks to pick raspberries; they are permanent continuing jobs that the employer would like to fill on a permanent continuing basis.

Senator Carter: Coming back to effectiveness, on my concept, in the absence of others, if I were to set out to assess the overall operation the first question that would come to my mind would be how many permanent jobs these people have filled. If I cannot find out any meaningful answer to that question, I would think that the other criterion does not amount to that much. I know you can weigh your training, you spend so much for training and you get so much back for it, your mobile grants and people earning so much more. That is fine. However, when you are dealing with \$600 million I would think the whole purpose of the manpower centre is to put people to work. If I were assessing how effective you are, the first thing I would want to know is how many people you have put to work.

The Chairman: I guess that is one of the matters we will consider in our report on these hearings. I think we have gone about as far as we can on that.

Mr. Manion: Perhaps I could just say that in developing evaluation systems for the different manpower components priority has had to be given, as you can understand, to those parts that are most expensive and those that most readily lend themselves to measurement. The benefit-cost system that was developed first was the one for the training program, which takes up 60 per cent of our budget. We have another developed for mobility, which takes up a substantial amount. We have evaluations for all the job creation programs. Our placement service in the functions of CMC really occupies a relatively small part of our total budget, and that is the part of the service that is most difficult, for which tools have just not existed in the past. We have now arrived at the time when we are concentrat-

ing on this rather than the others, and we hope to have an evaluation system that can do the things you suggest, but it has not been one of the top priorities.

Senator Carter: I have one last question. On page 2 of your brief you talk about serving clients rather than the system. My first question is, how do you define "clients"—are these people looking for jobs; are the clients the employers looking for employees?

Mr. Manion: They are both.

Senator Carter: They are both your clients?

Mr. Manion: Yes.

Senator Carter: I was a member of the Committee on Poverty in Canada, which was chaired by Senator Croll, several years ago. We had quite a number of briefs which were critical of the Manpower Division, on the ground that it was employer oriented rather than employee oriented. Have you done anything to change that, or what would be your comment on that?

Mr. Manion: I am not sure I would accept the validity of that argument. I think a lot of employers would have said, in those days, there was not enough emphasis on their needs. What we did find, and I believe the report of Senator Croll's committee had a great deal to do with this, is that in the labour market not enough was being done for people who had special problems, that the services were relatively good for those who were job ready and relatively skilled, but the more severe cases of disadvantaged people were not being looked after.

Since that time there have been a number of changes, a number of new programs. We have put in place a couple of hundred counsellors who are specially trained and whose sole job is to look after the more disadvantaged people, the poor people. We have the Outreach program which is designed to take manpower services to them. We have the LEAP program which is a job creation program aimed specifically at them. The department has tried to fill the hole that was identified and which we admit was there.

Senator, the information I gave you about the number of CMCs in Newfoundland is about to become obsolete. We are opening a new office in Gros Morne, that will be one more centre.

Senator Carter: That is in the new federal park.

Senator Benidickson: It seems to me that rather an essential element of manpower operation is the counselling staff and there are quite a number of people involved in it. I think the summary says there were 3,081 counsellors and 778 manpower counselling assistants. Half of them had a minimum of a bachelor's degree, as far as academic training is concerned. How many job opportunities are changing? How many people do you hire in this category in a year?

Mr. Manion: We can get that information for you, sir. I do not have it with me.

Senator Benidickson: Could we have copies of some of the public service advertisements outlining the qualifications for jobs of this kind and indicating the salary ranges? I was wondering how these figures of approximately 4,000 would compare with the number of counsellors similarly employed, say, three years ago, and how you would reconcile that with a statement on page 1 of the annual report, 1973-74:

In the CMCs themselves, the department during 1973-74 began converting to a self-service (Job Information Centre) approach . . .

We heard Senator Neiman say something about the type of traffic that she observed at Brampton. I think her worry was that maybe there was a little too much self-service and not enough opportunity to help in the interviews. What kind of advertising is done in these offices? In other words, to what extent do you provide advertising about your training facilities and your services for the handicapped, and so forth? Do you normally have people circulating in these self-serve centres asking people whether or not they need more help, or something of that kind?

I find myself pretty helpless when I go to these self-serve shopping areas. I am not an expert shopper, and I have great difficulty in finding my way around these self-serve stores, such as drug stores, and so forth. I do not know where to find anything, let alone find anyone to help me with something. Just how far can this self-serve emphasis go?

Mr. Manion: We will get the information you asked for, Senator Benidickson, as to the number of counsellors and competition posters, and so forth.

If I could move to the last question, the self-service approach. The main purpose of the self-service approach is to let the individual select the opportunity. It is not intended, by this means, to eliminate the screening that is supposed to take place before people go to the employer. In the introduction of this system we had some adjustment problems. If employers find that the people who have been sent to them have been inadequately screened, then that would indicate that we must provide more time for screening, more training on the part of the screeners, and better follow-up with the employers.

It is not intended that the job information centre will be an entirely do-it-yourself operation. There are supposed to be trained people on hand; there are supposed to be manpower monitors circulating in the job information centre. If people obviously need help, someone is supposed to give them a hand. If that is not occurring in some centres, or in all centres, then that is a sign that changes have to be made.

We are going to be looking at the operation of these centres very carefully. We are going to talk to the clients who go through these centres from the point of view of whether they are satisfied or dissatisfied with the service provided and what they feel is wrong. In that way, we can improve on them. A year ago we were just at the beginning of the conversion process. We were trying to convert some 400 Canada Manpower Centres within one year. Most of them still do not have the complete range of equipment to do the job properly. We have had delays in equipment and furniture deliveries. We think we are very much in the transition stage and that some of these things will shake down within a very few months. Certainly, until we have the proper job boards—the orders are tacked up on old bulletin boards now—and until we have the proper job cards, it will be a makeshift arrangement. We are not just working our way through that stage.

Senator Carter: A supplementary, Mr. Chairman.

The Chairman: Senator Carter.

Senator Carter: Do you have any special arrangement to take care of those people who are repeaters? In other

words, they disappear, say, for a week or two and then they are back again?

Mr. Manion: The repeater is a person who either has a lack of skills or a lack of acceptable work experience, or he has some personal problem that makes him unacceptable to the employer. If we are dealing with a repeater—and Mr. Andras referred to the fact before the committee last week that he is very concerned about repeaters on unemployment insurance benefits—we think training could be one of the answers to that individual's problem. If he seems to have a lack of marketable skills, we can give him the skills. The people in the employment centres should be alert to that.

Senator Carter: You do try, then, to find out why this fellow is coming back again and again instead of sticking with a job. You try to find out what the problem is?

Mr. Manion: We are supposed to try to find out, senator. I think probably we are not doing it nearly enough. I know that under the old system we were probably not doing it because the staff could not get their heads out from under the paperwork to look at special problems. Our system as it existed in the past meant that many, many people were bypassed or simply circulated and recirculated. We hope that the job information centres will be able to use the bulk of our research in the CMC to look harder at special problems, both from the employers and employees viewpoint. We did not do so adequately in the past at all.

The Chairman: Senator Benidickson.

Senator Benidickson: Mr. Hunter referred to greater linkage being aimed at between Canada Manpower Centres and welfare agencies and welfare recipients. I am wondering whether he could expand on that and tell us what his expectations are for this greater linkage. Then, of course, we could go on to linkage with recipients of unemployment insurance benefits, and so forth, but that, probably, is a subject for another sitting.

The Chairman: There may well be, yes, senator.

Mr. Manion: The problem of linkage with welfare centres is similar to that with unemployment insurance offices. There just has not been enough of it and while we have been working at improving the arrangements between manpower and unemployment insurance, we have also been making some new arrangements with welfare authorities. Much of this has been developed as part of the social security review. In a statement to the Welfare Ministers' Conference yesterday Mr. Andras gave a progress report in these areas. For example, in October, 1974 welfare officers were receiving listings of job vacancies from 119 CMCs; another 92 CMCs supplied welfare offices with samples of the job openings that might be suitable for their clients. Thirty of our CMCs provided these job listings on a daily basis; 160 CMCs provided them on a weekly basis; and 40 CMCs provided them on a monthly basis. In British Columbia, New Brunswick and, I believe, Newfoundland, we have arrangements with welfare offices under which we actually have an exchange of personnel. We have a welfare officer sitting in the manpower centre, or a manpower officer sitting in the welfare centre. We are discussing with welfare authorities the possibility of a one-roof service, with unemployment insurance, manpower and welfare operating there in their own offices, but in one building.

Senator Carter: Is that provincial welfare?

Mr. Manion: Provincial welfare. A model is being developed in British Columbia at the present time, in connection with which we will have all these employment-related services provided out of one building. We have had discussions with the authorities in Prince Edward Island earlier this week with respect to the same subject. We visualize, as we get our computer system established, that we would have terminals from our system located right in welfare offices. When applications for welfare are received they will be able to see immediately if there is a possible job to which the applicant might be referred first.

In British Columbia we have a special welfare placement office, with offices of both manpower and the provincial government working together. The supervisors in the office are trained manpower counsellors. The provincial officers are provincial employees. Welfare applicants who appear to be employable are sent first to this unit and exposed to jobs before being placed on welfare. We are investigating the possibility of such an arrangement being established throughout the country. We think that before someone who appears to be unemployable is granted welfare he should have an opportunity to consider those jobs which are available and that the welfare authorities should be able to know whether there are jobs available for him.

Senator Barrow: Does your department actively seek out employment opportunities, or do you wait for the opportunities to seek out the department?

Having asked that question, I see on page 21 that there is a statement to the effect that last spring, for instance, Manpower-UIC jointly introduced a Special Job Finding and Placement Drive in seven metropolitan areas. It resulted in some 70,000 unemployed Canadians finding work. Could you tell me how this is done?

Mr. Manion: If I could answer the general question first, we do go out and look for job orders from employers. This year we will probably make a quarter of a million visits to employers, actively soliciting their business. We are also introducing something which is relatively new in manpower. This is a marketing approach under which we are training staff in marketing concepts related to taking an individual who needs a job and, in effect, going out and selling him to an employer. In other words, rather than waiting for the job order to come in, the individual is taken around and our officer acts as his advocate in the market place to obtain a placement for him. Both of these arrangements are present in the Special Job Finding and Placement Drive. The basic concept is that we put extra resources to work looking at unemployment insurance and welfare recipients in a very, very concentrated drive. We blitz the labour market, approach employers and unions and send representatives out on the road looking for opportunities. This has had quite a significant result. Mr. Andras will be issuing a press release later today. I have given a copy to the chairman, and I shall be pleased to see it circulated to the members of the committee as soon as it is officially released.

Senator Benidickson: Similarly, would we be able to get a copy of the minister's remarks relating to Manpower activities in relation to the welfare responsibilities of the provincial ministers, to which he addressed himself yesterday?

Mr. Manion: This is in the material that Mr. Andras has sent to Senator Everett but which has not yet arrived. There is a paper detailing the arrangements with welfare officers.

Senator Barrow: Would you identify the seven metropolitan areas that were specified?

Mr. Manion: Halifax, Montreal, Toronto, Hamilton, Winnipeg, Edmonton and Vancouver. The decision has been taken, Mr. Andras is announcing, to extend that to 27 additional metropolitan centres effective the 1st April, 1975. We are planning, if we can get the resources, to put it on a national basis by the 1st April, 1976.

Senator Benidickson: You say if you can get the resources. Is it not an item tabled in the estimates yesterday?

Mr. Manion: No. The resources for 1975-76 are in the estimates, but these would be additional resources for 1976-77.

Senator Benidickson: So, in other words, it would be the following year that these offices would be introduced, if the Treasury Board approves.

Senator Carter: My question is in connection with that asked by Senator Barrow, as to whether you wait for people to come to them or whether you go out and look.

I have personal knowledge of a case where a mechanic did not have much experience but had taken grades and courses in the vocational school. He was registered for unemployment in Cornerbrook for 12 months. He was getting desperate, and asked me if I could help him. I knew a person who employed mechanics, and I telephoned him. He said, "Certainly. As a matter of fact, I brought in a number of mechanics from Europe only a month ago."

There are two points to be made. This particular fellow did not have a very high opinion of the training given. He did not think it was worthwhile to contact the vocational school to see if they could supply his needs. Secondly, there was no communication between and your centre in St. John's or Cornerbrook. Perhaps it did not occur to him to inquire into Manpower, but there seemed to be a lack of communication there. I do not know whether you are doing anything about it. I have cited one case, but I could cite several.

Mr. Manion: Most of us could cite cases like this. A manager of a manpower centre, in deciding where he is going to look to try to promote job vacancies for the CMC, will draw up a plan in which he focuses on the most likely ones. He will do a particularly intensive job with new companies coming in, with new plants of one kind or another, and he will concentrate on the larger ones. In the process, the very small employer, who might have only one vacancy every two or three years, will not get as good a service as someone else. That is just a fact of life. We do not like it, and we are trying to correct it; but there is no doubt that there is a selection by the CMC manager of how far he can use his resources in going out and promoting business.

Senator Carter: This did not concern resources. All it meant was a telephone call.

The Chairman: Does that complete the questions, honourable senators?

I have a request, then. One of the documents you received was the expenditures, broken down in accordance with program objectives as they were listed in the annual report for 1973-1974. Is it agreeable to make this part of the record? You already have a copy of it.

Hon. Senators: Agreed.

(See Appendix "C")

Senator Benidickson: Mr. Chairman, you were asking about appendices for this particular meeting. Is it likely that somewhere in the record of today's sitting we would have filed something like the document I have in my hand, entitled "Operational Statistics", indicating the number of placements in 1970 and 1971?

The Chairman: Yes. It is in the submission itself.

Senator Benidickson: So that would be somewhere in our report for today.

The Chairman: Yes.

Senator Benidickson: There is one line that I think would be useful in connection with it, and that would be the number of people employed in the department in the four years for which a record of achievements is given.

The Chairman: Well, would you like it as part of the record of today's hearing?

Senator Benidickson: Yes. I think it should be part of the operational statistics. (See Appendix "D") We have the number of placements, the vacancies notified, and so on, and I think one line should include the size of the staff in the manpower department.

The Chairman: Well, yes. They are going to give us that information. Is that agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: Once again, I invite you to visit your manpower centre. If in fact you have made a visit, I suggest you keep making visits until we are totally familiar with the operation of the Canada Manpower Centre. If you know of situations such as Senator Carter spoke of, where people have applied to Canada Manpower Centres, and have or have not been totally satisfied with the service, if you can find the centre, I suggest you go and make inquiries and find out what happened and get both sides of the story. I think it would be most useful to our understanding of the operation.

Have you any further comments, Mr. Manion?

Mr. Manion: No, Mr. Chairman, except to thank you for the opportunity to make our presentation.

The Chairman: Mr. Hunter?

Mr. Hunter: No, Mr. Chairman.

Senator Carter: Is it understood that we are having these appended to today's proceedings?

The Chairman: Yes. It is part of the record now.

On your behalf, honourable senators, I would like to thank Mr. Manion and Mr. Hunter for today's presentation. It certainly augurs well. It was a delightful presentation. We enjoyed it, and I am sure we will enjoy the rest of the presentations we are going to receive from you.

I would also like to thank, on your behalf, the regional directors for their attendance. We appreciate it very much.

The committee adjourned.

APPENDIX "A"

CANADA MANPOWER MOBILITY PROGRAM
EXPENDITURES ON GRANTS AUTHORIZED
1973-74

Province and Region	Type of Grant					Total
	Exploratory	Relocation	Special Travel	Trainee Travel	Commuting Allowance	
Newfoundland	47,340	809,361	1,153	150,180	84,615	1,092,649
Prince Edward Island	2,308	33,256	18	3,631	48,652	87,865
Nova Scotia	47,365	314,383	659	68,924	172,242	603,573
New Brunswick	16,111	186,535	315	53,977	130,499	387,437
Atlantic	113,124	1,343,535	2,145	276,712	436,008	2,171,524
Quebec	314,684	3,178,258	563	118,687	353,245	3,965,437
Ontario	139,633	1,815,265	775	122,139	547,441	2,625,253
Manitoba	7,214	191,108	-	58,078	77,366	333,766
Saskatchewan	9,274	386,896	43	44,057	72,583	512,873
Alberta	9,594	454,760	202	82,886	40,491	587,933
Northwest Territories	380	12,417	-	55,722	-	68,519
Prairie	26,482	1,045,181	245	240,743	190,440	1,503,091
British Columbia	31,578	838,088	306	218,300	107,153	1,195,425
Yukon Territory	143	10,639	-	10,722	539	22,043
Pacific	31,721	848,727	306	229,022	107,692	1,217,468
Canada	625,644	8,230,966	4,034	987,303	1,634,826	11,482,773

APPENDIX "B"

NUMBER OF MOBILITY GRANTS AUTHORIZED

1973-74

Province and Region	Type of Grant					
	Exploratory	Relocation	Special Travel	Trainee Travel	Commuting Allowance	Total
Newfoundland	681	1,559	29	3,640	575	6,484
Prince Edward Island	39	37	-	217	640	933
Nova Scotia	991	426	22	3,088	1,557	6,084
New Brunswick	257	275	6	2,622	1,229	4,389
Atlantic	1,968	2,297	57	9,567	4,001	17,890
Quebec	4,731	4,876	23	4,133	7,157	20,920
Ontario	2,857	2,409	24	5,887	4,435	15,612
Manitoba	93	157	-	1,672	571	2,493
Saskatchewan	147	285	-	2,191	813	3,436
Alberta	139	353	5	4,190	623	5,310
Northwest Territories	-	-	-	301	1	302
Prairie	379	795	5	8,354	2,008	11,541
British Columbia	406	642	6	6,034	1,068	8,156
Yukon Territory	-	-	-	91	8	99
Pacific	406	642	6	6,125	1,076	8,255
Canada	10,341	11,019	115	34,066	18,677	74,218

APPENDIX "C"

DEPARTMENT OF MANPOWER AND IMMIGRATION DEVELOPMENT AND UTILIZATION OF MANPOWER PROGRAM		1973-74 Fiscal Year			
Program Objectives	Expenditures	Man-Year Utilization			
		\$	%	MY's	%
The effective meeting of Canada's labour needs by rapid matching of jobs and workers through recruitment, counselling, development of job orders and referral of workers to employers and employers to workers;	65,663,762		10.02	5341	65.14
The sponsoring of educational upgrading and training for Canadians to develop satisfying and productive careers while meeting the manpower requirements of employers and the economy;	418,198,424		63.84	1707	20.85
The provision of financial assistance to the unemployed and underemployed, enabling them to move with their families to areas where there are jobs or their skills are in demand;	11,027,719		1.68	192	2.34
The production of employment through job creation programs for the disadvantaged and those experiencing seasonal unemployment;	156,531,470		23.89	735	8.96
The co-ordination of employment and labour-related programs and services in co-operation with other federal departments and provincial and territorial labour and welfare departments and agencies;	1,268,530		0.19	69	0.84
The development of mechanisms for occupational forecasting and manpower planning and the facilitation of manpower adjustments precipitated by technological and other changes;	1,410,011		0.22	31	0.38
The collection, collation, and distribution of labour market information, and the detailed analysis and interpretation of the impact of departmental programs;	1,043,649		0.16	124	1.51
Total Manpower Program		655,143,565	100.0	8199	100.0

- NOTES: 1. Total expenditures are as reported in Public Accounts for 1973-74 and total man-years utilized are as reported to Treasury Board for 1973-74.
2. Expenditures consist of program and operating funds expended.
3. The Department's information systems are not sufficiently sophisticated or refined to provide exact cost data for each of the above objectives; therefore the data in this table must be considered as estimates or approximations since many items had to be pro-rated in an arbitrary manner in order to assign operating costs to the objectives.

APPENDIX "D"

OPERATIONAL STATISTICS

	1970-71	1971-72	1972-73	1973-74
PLACEMENTS	648,966	902,429	1,030,148	1,042,722
VACANCIES NOTIFIED	890,616	1,201,445	1,402,842	1,507,447
REGISTRATIONS PLUS REVIVALS	3,529,471	3,440,408	3,935,532	3,949,226
COUNSELLING INTERVIEWS	5,329,501	5,220,887 (July to March)	5,754,006	5,865,421
EMPLOYER VISITS	—	—	—	215,643
CMTP AUTHORIZED	344,846	308,152	316,188	319,726
MOBILITY ASSISTANCE	13,752	16,810	21,378	21,729



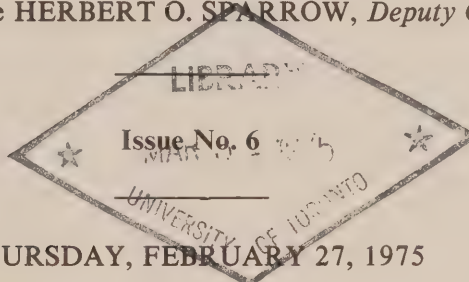
FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW, *Deputy Chairman*



THURSDAY, FEBRUARY 27, 1975

Third Proceedings
on the examination of the Estimates
of the Manpower Division of the Department of Manpower and Immigration
for the fiscal year ending the 31st March, 1975.

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, February 27, 1975.

(3)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m.

Present: The Honourable Senators Sparrow, Deputy Chairman, (*Acting Chairman*), Barrow, Benidickson, Carter, Desruisseaux, Flynn, Graham, Langlois, Manning, Neiman and Yuzyk. (11)

In attendance: Mr. H. J. M. Cocks, Director of Research and Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Center.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses, representing Manpower Division of the Department of Manpower and Immigration, were heard:

Mr. J. L. Manion,
Senior Assistant Deputy Minister,
(Manpower);
Mr. J. D. Boyd,
Director General Ontario Region
(Formerly Director General of Employer Services);
Mr. Jean Lagace,
Chairman,
Task Force,
Manpower Services to Native People.

Present but not heard by the Committee:

Mr. Damas Toupin,
Director General of Client Services.

Two documents, prepared by the Department of Manpower and Immigration, were tabled: one, dealing on Outreach Projects and one on Assessment Agreements.

The following documents were ordered to be printed as Appendices to these Proceedings:

A) Manpower programs information—

“The Employment Service”—

A brief prepared for the Committee by the Department of Manpower and Immigration.

B) Outreach Programs:

Summary of Job Placements.

C) Canadian Manpower Adjustment Program Assessment:

(a) Incentive agreements;

(b) Summary of incentive agreements.

D) Agricultural Manpower Programs—

Statistical Tables (1969-74).

E) Authorized strength of C. M. C.

F) Distribution of weekly wages, for “clients placed” and on “job orders”.

G) Use of C. M. C. by Post-secondary students.

At 12:40 p. m. the Committee adjourned until Thursday, March 6, 1975 at 9:30 a. m.

ATTEST:

Georges A. Coderre,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, February 27, 1975.

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Herbert O. Sparrow (*Deputy Chairman*) in the Chair.

The Deputy Chairman: Honourable senators, we are here to continue our hearings in connection with the Manpower Division of the Department of Manpower and Immigration. We are happy to have with us the department officials, to whom I believe most of you were introduced at our last meeting. However, I would like to introduce them again. On my right is Mr. J. L. Manion, Senior Assistant Deputy Minister, Manpower, Department of Manpower and Immigration; next is Mr. J. D. Boyd, Director General, Ontario Region; and further to my right is Mr. D. Toupin, Director General of the Client Services Branch.

I would ask Mr. Manion to introduce his subject this morning and have his officials present their program. Mr. Manion.

Mr. J. L. Manion, Senior Assistant Deputy Minister (Manpower), Department of Manpower and Immigration: Mr. Chairman, I believe Mr. Boyd will make a short presentation and we will be available to respond to questions and take part in discussions. As honourable senators will recall, last week we concentrated on the organization and functions of the manpower centre itself. This week we would like to deal with a broader aspect of manpower programs, the employment service. Mr. Boyd will make the presentation on our behalf.

Mr. J. D. Boyd, Director General, Ontario Region, Department of Manpower and Immigration: Mr. Chairman, honourable senators, it is a great pleasure for me to be here this morning. I believe I represent our field staff and am the only one, as far as I know, from the field organization who will appear before this committee. Also at this point in time I would like to say that I am informed that you were provided with a fairly voluminous document last week covering the employment service. Therefore I hope to keep my remarks down to 10 or 15 minutes, just touching on the highlights.

Two weeks ago Mr. Andras said that more emphasis is now being placed on serving people, both workers and employers. He said that the individual is the cornerstone of recent changes we have made in the Canada manpower facilities and programs. These changes are now continuing and are new and people-oriented.

I should say here that we have recently embarked on our renewal program, which is proceeding in all regions with a great deal of success and co-operation from all our staff.

Some of our staff, as some of you may have heard, had become a little tired in the service, as it were, and we felt it was time to endeavour to give them a little lift. Some of us also may have become a little tired in the service, so I am not blaming only the staff.

In any event, I believe that since Mr. Hunter last week spoke on placement at some length, there would not be much point in my discussing it any further. However, it is certainly one of our main employment services. I would like to say in this connection that the creative job search technique, to which reference was made but about which very little was said, is a very important item in this field. In other words, the one hour and 15 minutes we spend two or three times a week in evening classes at the YMCA or in our own CMCs in order to instruct our employee clients in the completion of resumés and presenting themselves to employers is more than helpful. In fact, we have no way of knowing of just how many of these clients place themselves, rather than using our service. We do, however, consider this to be one of the new innovations which is highly successful.

The other point to which I would like to refer when discussing placement is the Special Job Finding and Placement Drive which we organized in conjunction with the UIC. It was started in the last quarter of the 1973-74 fiscal year. Its purpose is to pursue a more aggressive and intensive effort to find jobs for people, not only those on the UIC rolls, but those on the welfare rolls or those hard-to-place people found on our own rolls.

This activity, of course, as I have said, was conceived in close co-operation with the UIC and the provincial welfare departments, but it focuses on all job seekers. Forty-four CMCs in seven cities are involved in this operation and on the first of April, 1975 it will be expanded to 34 cities, involving 84 CMCs. By the first of April, 1976 all of our CMCs will offer this special service. The success of the Special Job Finding and Placement Drive can be seen from the operational statistics which we have here. You will note that the number of UIC claimants directed was 215,434; the number of UIC claimants reporting was 127,287; the number of CMC selected clients was 129,525; and so on. The referrals made totalled 138,397. Of that number we placed 30,248. Placement as percentage of referrals was 22 per cent; referrals to our training program totalled 5,431. Peculiarly enough, the mobility program did not draw as much usage as we might have expected; only 233 grants were made under the mobility programs.

Senator Carter: Mr. Chairman, may we ask questions during this presentation as the tables are shown?

The Deputy Chairman: We would probably prefer to have the questions at the completion of the presentation. However, if something particular catches your eye, I will certainly honour your request.

Senator Carter: At the top line you said a certain number were directed and a much smaller number reported. Were these directed by the Unemployment Insurance officials?

Mr. Boyd: Yes, sir.

Senator Carter: And only half, or 70 per cent of them reported after being directed. My question is how do you account for that?

Mr. Boyd: Senator, are you referring to the first two items?

Senator Carter: Yes.

Mr. Boyd: Yes, I can explain that: The UIC takes their rolls, directs the people to report to our CMC, but some of them decide that if they do report to the CMC they will just be disqualified anyway, so they fall out. In other words, they are those who know and it is really to get the malingerers in that case. Some would be sick, some were not yet caught up with. In other words, they have been placed, but the Unemployment Insurance Commission computer has not yet cleared itself of their names.

The Deputy Chairman: Senator Carter and other senators, in the kit which was placed on your desk you will find charts identical to those flashed on the screen, so you could make notes on them as they are discussed.

Mr. Boyd: I would now like to say a few words with respect to the Canada Manpower Mobility Program. I referred to the apparent failure of too many of those referred under the Special Job Finding and Placement Drive to use mobility. This is probably more a situation in which we were able to place people in their own localities, rather than having to move them. It remains to be seen whether in the coming year this situation will continue or we will find ourselves moving people to a greater extent due to the changes in the economy which we have all witnessed in the last few months.

Nevertheless, because of Canada's geographic and economic character, job opportunities are not always available in the local community and applicants sometimes must move. That is despite the 300 we show there. The mobility program is an incentive to encourage workers who are unable to obtain suitable employment in their communities to relocate to an area where their skills are in demand. Through exploratory, relocation and travel grants—and I emphasize that there are three types of grants involved—the program encourages greater productivity and provides a highly flexible tool to help remedy problems caused by regional labour shortages.

In 1973-74 \$11,482,773 was spent on the program. This was divided among regions according to this chart. You will note that Atlantic region had \$2,171,524; Quebec region, \$3,965,437; Ontario region, \$2,625,253; Prairie region, \$1,503,091; and Pacific region \$1,217,468. That is roughly \$11.5 million in total spent on mobility.

I should say that the grants used in Quebec region are almost all internal, as is the case in Ontario. Ontario is termed a receiving province in mobility terminology. That is, more people come into Ontario than go out. The other provinces are all sending provinces, with the exception of Pacific region. I should say regions, rather than provinces.

The next most important or, in fact, the most important service we provide is a counselling service. This is the bringing together of people and jobs and it is considered by

some to be a mechanistic and impersonal process. I must say that this is not the case in the field. Sometimes when we speak of computers and automated equipment people get the wrong impression. However, I can assure this body that our counsellors are probably the biggest obstacle to getting computers in properly, because they are very worried that computers will influence the humanistic aspects of counselling. The fact is that at the Canada Manpower Centre departmental programs and services form an integrated employment-service package and access to them is gained through the process of employment counselling, the person-to-person counselling, the exchange of ideas and information becoming a very personal activity.

By carefully using the available counselling tools, including a variety of tests, combined with good labour market information and good interviewing techniques, a manpower counsellor helps individual job seekers make informed occupational and career choices. When realistic decisions are made and a plan of action is established—that is, when the counsellor and the individual he is interviewing come to a plan of action which they think will work for that individual—the various departmental programs and services are brought into play. For example, we can use mobility, our training programs, and our special programs to which I shall refer later. Also, we may involve other community services and other agencies if the person has specific problems.

The quality of counselling is, of course, of vital importance, and without the most highly qualified counsellors we would be in great difficulty indeed.

As I said earlier, we have people with special needs. Although our services are available to all workers, it is obvious that some individuals and groups are well equipped to enter the labour market, compete successfully, or function effectively in a highly complex environment, an environment in which barriers to employment opportunities are sometimes formidable for the individual.

The department's growing concern for the needs of these individuals and groups is reflected in what we term "affirmative action" programs—in other words, positive programs—and approaches.

We have special programs for women, and in this international women's year I think this is particularly appropriate. In the world of work, the department has a major role to play in helping women, as individuals, enter the labour market and gain equal access to employment opportunities.

The department has located a special officer in each of the five regions to ensure that women's changing needs are recognized and taken into account in developing new placement and counselling approaches. Also, our programs and services are being reviewed to ensure that women have equal access to them, and plans are under way to have every CMC counsellor undertake training related to the employment needs of women.

I should say here that occasionally we still have counsellors who decide in their own mind that a woman could not do this or that job. In fact, we have found very few jobs which women cannot do. We have women running bulldozers, tree harvesters, working in the mines at Sudbury and Thompson, and in B.C. we have them working in the largest forests—that is, where trees are not able to be harvested by tree harvesters. So I think we must admit that women can do all jobs. They certainly can do all the mental jobs that most men can do, and they can do all the

physical ones too, it appears, so long as they are given the appropriate material with which to do them.

We come now to youth, the young people of our country. During the past few years, the department has been part of a major public response to the needs of young people and has taken a leading role in helping them move into the world of work. It is significant that while youth accounts for 27 per cent of the labour force, nearly 50 per cent of the department's clientele is from this group.

Presently many Canada Manpower Centres provide secondary schools with labour market and career counselling information. A number of CMCs help schools locate work experience opportunities and provide instruction in job search techniques. I referred to the job search technique earlier. This, of course, applies equally to young people as it does to the older person.

The department is also active in providing post-secondary students with employment services. There are Canada Manpower offices at 72 university and community college institutions, providing employment and occupational counselling, placement services, and assisting employers recruit technical and professional manpower. Almost all of our university campuses spend a large proportion of their time in the recruitment of technical and professional people.

During the summer months, the department opens special Canada Manpower Centres for students, staffed by students, to help find summer jobs for secondary and post-secondary students. There were over 300 of these offices in operation in 1974. In the same year, Canada Manpower Centres placed 216,740 students in gainful employment.

The employment needs of our youth, unfortunately, have by no means been fully met; so the department is launching 17 experimental pilot projects in CMCs to explore the practicality of new concepts and services tailored to meet the needs of our youth clientele. I think that Mr. Hunter last week made some reference to these pilot projects. They are located in most of our major centres, and in some of our smaller centres such as Cornwall.

We come now to the Outreach Program. This is a program which is directed to those parts of the labour force with a population which we are unable to reach by our normal methods. Despite our best efforts, there still are people who do not take advantage of the normal services and programs of the department for a variety of reasons. In order to try to reach these people, to help them gain access to the labour market and departmental services, the Outreach Program was introduced.

Here we have another chart, which demonstrates the number of projects, whom they were for, and the dollars spent. The first item concerns women. There were 12 projects, 57 jobs created, and it cost \$564,691, roughly \$1,000 a job. I think that is a very good return, particularly when we realize that our fellow department, DREE, spends a lot more money to create most jobs.

There are then the unemployed urban poor, natives, handicapped, youth, inmates and ex-inmates, isolated communities, and miscellaneous groups, which could include Métis groups, alcoholic groups, and anything of that nature—the ones we have not covered above.

To this point in time, I have spoken principally about the supply side of the labour market and the almost four million Canadian workers who are on that side of the market. But, of course, there is another side to the labour

market, which is the demand side. There are approximately 500,000 employers with whom we have to be concerned. Of course, there is no need for me to tell this body that the two are necessary, one to the other.

Because of this, the Manpower Centres are concerned equally with helping both employers and workers.

The key to helping employers plan and meet their manpower needs is the establishment of open lines of communication between the employer and the Canada Manpower Centre. Another important element is an understanding by employers of the services available to them, and an awareness and knowledge by CMC staff of the employer's manpower needs and requirements.

Neither the communication channels nor the mutual understanding and knowledge is at a level where the department or employers can be wholly satisfied. However, the staff in Canada Manpower Centres are attempting to improve this situation. For example, in the last fiscal year Canada Manpower Centre staff made 210,852 visits to employers in their places of business. These visits are planned according to the anticipated needs of employers and in accordance with labour market conditions. Our contacts with employers, as with job seekers, are for the purpose of bringing people and jobs together, and to bridge the gap that often exists between worker aspirations and employer requirements. It is very much a part of the CMC's responsibilities, not only to help employers meet their manpower needs, but to convince employers to modify conditions which act as barriers to getting and retaining workers.

As I mentioned earlier, the tools to attract employers to use CMCs are persuasion, information and good service. During 1973-74 the CMCs received 1,507,444 job vacancies from employers. This chart gives an idea of the industries in which these vacancies were received and the percentages received from each. You will note that agriculture has 4.8, forestry 1.7, fishing 1.6, manufacturing 24.4, construction 8.2. With respect to construction I would like to make a remark, because most of you will be aware that the construction industry is actually the biggest employer in Canada, but the fact is that a large part of their employment is handled through union hiring halls, and therefore does not go through CMCs. Transportation, communication and other utilities is 6.1, trade 15.4, finance 2.3, community, business and personal service—the commonly known service industries—25.8, public administration 9.5, and unspecified, or others, 0.2.

In the last fiscal year we filled roughly 70 per cent of the job vacancies given to us. Of course, the obvious question then is: What about the other 30 per cent. What happened to them? Did we just forget about them? Did somebody else fill them, or what happened? I think many of my staff, and I am sure on any of my colleagues' staff in the other regions, would agree that we could perhaps have done some more to help fill these vacancies. However, there are other factors that must be considered.

Often—in fact, more often than not—employers use more than one source for recruitment, and it is reasonable to suggest that an employer could have obtained an employee from another source, either through a private employment agency, through newspaper advertising or because someone walked into the employer's office and fitted the job. In fact, in my day, in my early career, that was probably the way most people got their jobs; they walked into the employer's office and if the employer liked the man, or the

man had the qualifications, he hired him. Nowadays things are a little more sophisticated.

A recent survey showed that about 67 per cent of cancelled vacancies at CMCs were filled by these various other methods. The same survey shows that another 15 per cent were cancelled because the employer had a change of plan and no longer needed the worker. This, of course, can happen, as all of you will be fully aware, when economic conditions change rapidly, or an order is lost, which means they do not need the extra help. The remaining vacancies are cancelled for a host of other reasons, ranging from poor working conditions and wages that were not competitive, to employers' dissatisfaction with the service of the CMC in failing to meet their expectations.

I would like at this point to refer to what is sometimes a conflict between the objectives of the department and those of certain employers. Because of this basic divergence of interest it is not always possible to satisfy all employers or meet their expectations. This type of conflict is illustrated when the CMC, in carrying out its responsibilities, presses the employer to improve wages and working conditions, or refuses employers the importation of offshore workers or training contracts. Frequently when we sit down with employers to discuss their dissatisfactions with CMC service we find that there is a variety of causes, many times involving failure on the employers' side as well as on ours. In order to try to overcome this we do provide some special services to employers, and I would like to say a few words about these.

The first of these, and I think the most important in trying to resolve the problems, is the Canada Manpower Adjustment Program. Its purpose is to help ensure a smooth transition to new work situations for both employers and workers. Initially it was devised to cure problems, and it was used up until 1974 specifically for that purpose. When I say to cure problems, I am talking about layoffs, or technological changes that were very apparent and could be handled by a joint committee. However, in 1974 we expanded its terms of reference by order in council, and it now operates on three basic principles. First, research and advance planning in order to assess the manpower implications of impending changes, and to determine what private and public adjustment measures are possible. Secondly, joint consultation between labour and management to allow workers, through their chosen representatives, to take part in developing the adjustment plans affecting them. Here I should say that this refers not only to union representation on a consultative body, but to representatives of the workers, whether or not they have a union in the plant or office. Thirdly, co-ordination of private and public adjustment measures to ensure that a full range of government manpower programs is available to complement private measures developed by the parties. In simple terms, what we are trying to do is encourage employers, together with their employees, to try to help resolve their own problems where this can be done, and in addition to this provide our own programs to supplement those they have developed.

There are two types of agreement under the program. There is a manpower assessment incentive agreement, where the government pays up to one-half of the cost for assessing the manpower effects of industrial change and of the development but not the implementation. This is quite critical, because it sometimes gets us into problems; implementation means the actual paying of wages, paying of training costs within a plant, training costs that would

normally be accepted by the employer; these we do not take on. We have another agreement called the mobility agreement, where again we can pay up to one-half of the cost of moving displaced workers to new employment where that employment has been arranged by the employer. I must make it clear here that this mobility program is quite distinct from the mobility program to which I referred earlier, the Canada Manpower Mobility Program. This program to which I am now referring is initiated by the employer, and we subsidize the moves that he arranges in order to take care of his displaced workers.

We have a chart which shows the activity of the Canada Manpower Adjustment Program since its inception in 1967 to the present. You will notice that over the last three years the volume has been very high, but that it has not varied greatly during those three years. This is primarily due, we believe, to the fact that our staff in this program was quite small in number and, therefore, could not handle any more cases. We only had about 30 people. We are now recruiting more people for that program. The staff involved in such a program must be highly specialized and quite knowledgeable in labour and industrial relation matters.

Coming to the agricultural program, we developed quite a number of programs to assist the agricultural community. Since the agricultural industry affects every Canadian in a very personal way, and since the productivity in this industry is critical to adequate food supplies and reasonable prices, it is absolutely essential that we do all in our power to make sure that productivity and costs are maintained. The department has been heavily involved in helping the agricultural community meet its manpower needs through the placement services of CMCs, and through shared-cost programs with the provinces and direct financial aid and guidance to the industry. The shared-cost programs are administered under the Federal-Provincial Agricultural Manpower Agreements. These agreements have been in use since shortly after World War II. We are doing some work today towards amending them in an effort to modernize their terms. Such agreements include the cost of recruitment, advertising, transportation of workers, the construction and improvement of housing, the salaries and expenses of staff, and research.

The staff involved in these programs are normally all in the provinces, with the federal government assisting the provinces in absorbing the costs. The provinces, of course, as I think most honourable senators are aware, are very much more organized towards actual services to the individual farmer than is the federal government.

We have developed a seasonal workers program, and to that end we have organized seasonal farm worker programs to provide workers from the Caribbean countries and Mexico. When Canadian workers are not available, foreign workers are admitted into Canada for specified periods of time. Under the seasonal workers program, the rights and obligations of the worker and employer are included in the contract between the parties, and the contracts include provision for wage guarantees, housing standards, transportation costs, medical arrangements, and other working conditions.

Honourable senators may recall, for lack of a better word, the uproar which occurred some two years ago when the Minister of Manpower and Immigration conducted a survey of living conditions of agricultural migrant workers in southwestern Ontario. At that time there was some confusion in that the people felt that these conditions

applied to the organized programs. In fact, they did not, and I think it is important to bear that in mind. The organized programs have never had a housing problem. The problems which existed at that time surrounded agricultural workers who came in without any organization on our part, or on anybody else's part, as far as that goes, from other parts of the country. Fortunately, most of those problems have now been corrected. In fact, the Ontario government now carries out quite an extensive examination of all housing for migrant farm workers.

Senator Benidickson: When you refer to this uproar, are you referring to the incident in the fall of 1973.

Mr. Boyd: Yes, senator. That incident, of course, made everyone take a pretty close look at what they were doing. As a result, we organized a new program which we call the Canada Farm Labour Pools. This program was established last year. This will be its second year of operation. In its first year, it placed 16,826 workers in agricultural employment. The chart on the screen now will give you an indication of the placement activity in the various provinces. Starting at British Columbia and working East, you will see the only province in which we did not have a program was Newfoundland, and that was because Newfoundland did not create a labour pool. Whether it will this year or not, we have not yet determined.

You will notice that Ontario is a great deal higher than any other province, and that is primarily due to the fact that the pool in Ontario is of two types, one which deals with regional workers—and that makes for the large volume—and one which deals with year-round workers. The pool which deals with year-round workers, of course, handles a much smaller number. Most of the other provinces handle not only seasonal workers, but full-time workers as well.

Senator Benidickson: Does this refer to resident as well as migrant workers?

Mr. Boyd: That is a very good question, senator. We do not have any West Indian or Mexican workers included in these figures. These figures apply only to Canadian migrant workers, or Canadian permanent agricultural workers. There would be no foreign workers or offshore workers included in those figures.

The Canada Farm Labour Pools program is designed and organized in cooperation with the provinces for the purpose of helping both the farmers and the farm workers meet their manpower and employment needs at the local level. The pool manager, under contract to the Minister of Manpower and Immigration, identifies the demand for farm workers, registers, refers and counsels workers. The manager also acts as the employer's agent for the payment of wages and identifies and arranges for worker orientation, training, accommodation and transportation. This is the only place where our department is involved in the payment of wages and other benefits to workers. As you know, the CMCs, by law, are not allowed to do this.

These pools are formed and are advised by what we call Local Agricultural Manpower Boards. I am sure some of you may have heard your farmer friends refer to LAMBS. They are not lambs in the true sense but are the Local Agricultural Manpower Boards. They are set up to act in an advisory capacity to the Canada Farm Labour Pools. They establish guidelines for wage rates, working conditions, and accommodation for workers hired through the Canada Farm Labour Pools. They also identify agricultur-

al manpower needs, training needs and training facilities required by employers and workers. In other words, they have been more than helpful. Most of the people on those boards are the leaders in their communities. They have ideas as to what the wage rates should be; they are people who can speak to their colleagues in the farming community in terms which we could not, and they are also able to advise them in a better way, sometimes, than are we. In other words, most of them are farmers and most of our CMC counsellors are not farmers.

The Canada Farm Labour Pools operate in close contact with regular Canada Manpower Centres and have access to CMC facilities and programs. The only point we make here is that the programs must be maintained by the CMC. The manager of the pool is not given that authority.

In the last year, the regular CMCs, funnily enough, made over 54,000 placements in the agricultural industry in addition to the placements that the pools made. This was not a reduction. In spite of the fact that the pools recently came into existence, the placements made by our CMCs did not go down. In other words, we gave the farming community better service.

Although the existing programs for agriculture are proving effective, much still needs to be done to make farm employment a more attractive option for Canadians. Just how to do this is hard to say, but I am sure some of the senators have views on this aspect. I noticed that Mr. Stewart, the Minister of Agriculture in Ontario, had some comments with respect to this which were published in the paper this morning. However, exactly how to do this and keep the price of food at reasonable levels is the really difficult problem.

Finally, I would like to express again my pleasure for this opportunity to highlight my department's employment service activities. Mr. Manion, myself and my colleagues will endeavour to field your questions.

The Deputy Chairman: Thank you very much, Mr. Boyd. I now declare the meeting open for questions. Senator Manning?

Senator Manning: Mr. Chairman, I would first of all like to commend the officials for the very comprehensive brief they have provided to members of the committee. The material contained in the brief itself, together with the tables, certainly gives us a tremendous amount of background material. Before asking a few questions in connection with specific areas, I would like to take a few minutes to raise the matter of the basic philosophy behind the whole Manpower program in Canada. In reading the brief—and I may say that this impression is borne out by conversations with quite a number of employers particularly—it seems that the services of CMC are very much oriented to the employees and their requirements. I do not say that as a criticism, but I think it is a fair assumption from the structure of the organization. I would like to raise the question of how much attention is given by CMCs to the requirements of the Canadian economy as the focal point of the services, rather than merely operating a service for employees as clients, as reference is made to them in the brief.

If I may enlarge on this a little, to make my question clear: I am sure that the CMC officials, as is the case with everyone else, would agree that to ensure the highest level of employment in Canada, even more important than any services the government can provide is the need for a

buoyant and healthy national economy. If we had that, the employment opportunities would exist and the need for many of these services would be reduced, if it did not disappear.

How much attention does CMC give to an analysis of the total manpower requirements of this country from the standpoint of the categories of employment necessary to provide a buoyant and healthy economy? I am attempting to discover if any emphasis is placed on determining the overall national needs for human resources in a buoyant and healthy economy. If we start from that premise, it seems to me that would involve the recruitment of people to have the required number available in the various categories of employees that would be necessary. In my opinion, it would also include advice to high schools, colleges and even universities as to the indication given by the projections of Canada's manpower needs of the areas in which it will be necessary to have various categories of employees.

Mr. Manion: More attention is paid to that aspect now than was the case in the past. As I mentioned at the last hearing, the department, like most public employment services around the world, has tended to be an employment exchange, a labour exchange, where employers register their orders and workers register their demand for work and these are matched up. In recent years we have discovered that this is hardly sufficient and the activities of the CMCs and our various programs must be applied in a strategic manner consistent with the overall economic and social approaches in the country.

We have certainly over the last couple of years developed means by which we can look ahead and forecast the demand for labour in individual occupations and in industrial sectors. We will be producing very shortly a series of occupational counselling guides for schools, individuals and manpower counsellors. This will be entitled the "Careers Canada", "Careers Provinces" series. I am not sure if we have samples with us this morning, but we will endeavour to provide such samples to members of the committee.

In each of some 500 key occupational groups we will check ahead five to 10 years to forecast the demand for labour and the requirements in the occupation so that Manpower and our partners in the school systems can organize in an endeavour to meet such demand.

I agree with you, certainly, senator, when you refer to the importance of focusing on the requirements of the economy and the broad requirements of employers. In my opinion we have a particular problem in Canada that perhaps tends to inhibit us as a service a little. That is the fact that we have an extremely rapidly growing labour force, coupled with substantial immigration and very substantial numbers of unemployed. This does tend at times to make us give priority to the worker clients, especially the unemployed worker clients. We have attempted in the last couple of years to redress what may have been an imbalance. We have established in the Manpower Division a Services to Employers Branch. Its sole concern is to work with employers, employer associations and industry sector groups and endeavour to determine and meet their needs. We have done some excellent work with the forestry, construction and hospitality industries, the restaurant associations and so on, in which a few years ago we were hardly involved. The Manpower Consultative Service is focused on the problems of the employer. The Canada Manpower Industrial Training Program, again, focuses

very largely on the problems and needs of the employer. So we are trying to redress any imbalance.

However, there is a problem of imbalance. It changes from time to time and certainly when unemployment increases very rapidly we must be concerned with the people, the unemployed workers we have in our offices.

Senator Manning: Are the projections of future requirements carried out on the basis of data provided by various employers, employer organizations or categories of industry, or does Canada Manpower take into account projections such as those made by, for instance, the Economic Council of Canada as to the economic requirements of the country in the future?

I ask that question because it seems to me that if the assessments are based on the projections of individual groups of employers they are apt to be badly distorted. If we were to ask any industry for their expectations for the next few years, they will indicate a hope for a significant expansion which will require X number of men. However, in the overall economy of the country these expansions may not take place in the pattern that a particular industry would like to see. I suggest that sources of input such as the Economic Council of Canada, looking at the overall economy, should be taken into account and I wonder if they are.

Mr. Manion: Yes, senator; we do use the same economic model as the Economic Council of Canada as one of the bases of our forecast. If you are interested in a more complete description of the methodology, we have with us some officers of our Strategic Planning and Research Division, including Dr. Fay, who could explain the forecasting methods we use. Alternatively, we would be glad to provide for you and other senators an explanation of the approach used, which you could study at your leisure.

Senator Manning: Mr. Chairman, the latter would be preferable, so as not to take the time of the committee. I would personally like to see that model and the criteria used.

If I could turn now to a few specific areas. Table 4 of your material deals with these Outreach projects. Perhaps we could look at that for a moment. There are 120 projects tabulated on table 4 in different categories. May I first ask how these Outreach projects are determined? Who decides what will become an Outreach project?

Mr. Manion: The Outreach Program is quite different from things like LIP or OFY. Outreach is the department's own program by which it extends its services into areas where they would not otherwise be provided. When we identify a gap in our service, something that CMC, using its normal procedures, is not able to fill, we look into the possibility of Outreach. In a sense, the farm labour pools are a kind of Outreach project, but on a vast scale.

In other Outreach projects we will contract with groups to provide manpower-type services. For example, we have an outreach project in which manpower services are extended to isolated communities in Labrador, where we cannot afford to put Manpower Centres and where communications and transportation are difficult. We have contracts with local people, who act as our representatives in the community. We use the same approach, I believe, in the Eastern Arctic at some stage, to provide manpower services right in the settlements. We have contracts with the Alberta and Métis Indian Associations to provide counsel-

ling and placement services to their people on our behalf. We bring the project workers in and train them. They would use our CMCs as a resource, but they would extend our services in a way that would be very difficult for our own staff to do.

So the projects are all ones where essentially the initiative is taken by us. Occasionally a group will hear about the program. They are providing a kind of manpower service, and they come to us asking for a grant to continue their work. That would be the exception. Generally we like to believe that we are taking the initiative, and we are approaching groups and asking them if they would undertake this work on our behalf.

Senator Manning: On this table, there is an amount contracted in the aggregate of \$4,912,000. Am I correct that this represents only the payments where you actually contract out to an outside body, or does this include also internal expenditures?

Mr. Manion: This is only the amount contracted with outside bodies.

Senator Manning: So, in addition to this figure, there would be the internal expenses to CMC?

Mr. Manion: Yes.

Senator Manning: One of the things that disturbs me a little about these figures is that of the 120 Outreach projects, 486 jobs apparently came out of it, at a contract price alone of \$4,912,000, which is over \$10,000 per job. If you look at some of the individual categories, the rate goes even higher. For example, there are 28 native projects which resulted in 102 jobs at a cost of over \$12,000 a job. How closely are these projects monitored to see if they are really giving value for the money spent, from the standpoint of actual job placement and permanency of these positions, and so on?

Mr. Manion: They are monitored very closely. We have cancelled one or two contracts where we felt the application of departmental policies were in any way questionable, or where the handling of the funds was in any way questionable. We monitor them ourselves. We have the audit services bureau audit their books. The cost, I might add, includes all of the cost of running the project—salaries to workers, the cost for travel and communications, cost for equipment, rentals—the complete cost of the project. In the case of projects involving natives, they are usually in outlying areas where transportation and communication costs would be considerably higher than would be the case in an urban community.

Senator Manning: Am I correct that the actual cost of these 28 projects—let us take the one for natives, since it happens to be the largest category—is not the \$1,218,000 shown here, but this plus—the internal cost that would accrue to CMC? This is only the contracted-out figure.

Mr. Manion: Yes; but I might point out that the internal cost to the department is very insignificant. We have very few staff on our establishment who run the Outreach Program—only several in the whole country. The beauty of the contract is that you get very full value for the dollars, that you immediately provide an increment to your own service. The only burden on Manpower Centres would be the burden, perhaps, of providing information to the project about job openings, perhaps providing some training for the Outreach workers on the project. We do not

have a substantial departmental overhead in addition to this amount of \$4.9 million. We could make an estimate for you of the approximate overhead cost to the department, but it would be very slight indeed, senator.

Senator Manning: In addition to these Outreach projects, as they are defined here, is it correct that you also have other special study projects of different types going on within CMC itself?

Mr. Manion: I am not sure that I follow your question, senator. We do have other types of programs involving projects—LIP, OFY, and the local employment assistance program. We have internally a number of pilot projects going on in many areas. In fact, we try to use the pilot project approach extensively. It was mentioned that we have 17 going on in connection with youth. We have a special Newfoundland training program going on. We have special projects going on in cooperation with the Unemployment Insurance to develop new ways of handling their clients. We have very extensive pilot project activity.

Senator Manning: Would you have a tabulation, an aggregate, of that type of project?

Mr. Manion: We could produce one for the committee. It would take a few days to put it together.

Senator Manning: Mr. Chairman, I do not want to impose a lot of unnecessary work on the officials, but I am sure this is of concern to CMC officials. I have heard it said, as I am sure many others have heard it said—I am not sure whether or not this is a valid criticism—that if you are working in the CMC and you want to get ahead, the smart thing to do is to think up some special project, sell it as a worthy study to be made, and you will get a grant. You will then set yourself up in a little bureau, and away you go. This may be exaggerated.

I think we all know that special projects of any kind are fraught with that kind of danger, because there are lots of people who can think up bright ideas—"We ought to study the needs of one-armed paper hangers; how are they going to get jobs," and so on. That's how they start. "Let us have a study. Let us get two or three fellows together," and we spend a lot of money doing it.

I would be interested—and I think it would be valuable from CMC's standpoint—in having a tabulation of the category and the number of special studies and projects. Here we have only the Outreach projects, which are one category. If we could have that without too much difficulty, I would like to see it provided to the committee.

Coming back to the Outreach project—

The Deputy Chairman: Mr. Manion, is that reasonable?

Mr. Manion: Yes. We can do this. This will be the various kinds of pilot projects that we conduct internally?

Senator Manning: The number of people involved; and also perhaps you could provide us with information on the means employed to evaluate those projects. I am sure we have all found in government experience that a project may appear to be very desirable, but after it has operated for a while it is not going to stop unless someone is monitoring it and is able to say, "This is advantageous or it is not advantageous." It will go on indefinitely unless someone makes that evaluation.

Coming back to the Outreach projects for a moment—

Mr. Manion: Senator, from your remarks, I think there may be some misunderstanding about the nature of these internal pilot projects. We do not have special staff for these projects. If we develop a pilot project, say, for youth, we would expect a manpower centre, with its own staff, to organize some special way of meeting the needs of youth. We would have an evaluation program tailored to that project. But the project itself is, if anything, a burden on the manpower centre. We try not to impose it unless the centre has a special interest in youth, and its staff has a special attraction for it. We do not, for our internal pilot projects, set up special funds and separate staff. There is no way, for example, in which one of our own staff could apply for a grant to do one of these special projects. We do not in most cases have any special funding or special staffing for them. It is simply a case of a CMC being assigned a job of experimenting in a particular area so that we can learn whether something is worth applying on a more general basis.

Senator Manning: Would it not be true, though, that if you assign from a CMC office one or two personnel to go into a special pilot project, to set it up, to do the research that is needed, this must take them away from other employment, it must affect your total manpower strength?

Mr. Manion: Not necessarily. In fact, ordinarily not, because the service has to be provided. In the case of the manpower centre, 50 per cent of their clientele is youth; they are dealing with youth all the time. We are simply saying, "Use your ingenuity to try to find a better way to deal with these kids." Perhaps to talk to them more, organize a mobile service to the schools, involve the kids themselves in some kind of advisory committee. We are still servicing the youth, and it is the same people who were servicing them before. However, we have authorized that centre to try a different approach, to document it, and if it works we will see whether we can generalize it. The same people are providing service to the same clients, but it is in a deliberately different mode of service.

In the case of the Newfoundland training project, for example, which is a very extensive one, in co-operation with the Unemployment Insurance Commission, the manpower centre staff would ordinarily deal with those people, and are still dealing with them, but they are dealing with them with an authority to do some things differently, including a special legal authority, which was obtained in the last supplementary estimate. There is no addition of staff; we are the same people dealing with the same worker clients, but in a deliberately special mode of service.

Senator Langlois: It is a new approach?

Mr. Manion: It is a new approach, yes.

Senator Manning: I assume that will show up in your categories.

Mr. Manion: Yes. We will list as many as we can find.

Senator Manning: I should like to come back to your table on Outreach projects. Let us stay with the one on natives, because it is the largest number. You have 28 projects resulting in 102 jobs, which is less than four per project, at a cost of over \$12,000 a job. Would you have any information on how long these placements last? I assume that 102 jobs means you actually placed 102 natives in gainful employment because of the project. Is that right?

Mr. Manion: No, senator. I think the table may be a little bit misleading. The number of jobs simply represents the number of project workers, the number of people who have been hired to work on the project as counsellors or placement officers. This does not reflect the number of people helped or placed.

Senator Manning: These are staff that you are talking about?

Mr. Manion: These are staff of the projects. I regret that we used that title. I think it gives the impression that these are job creation projects, which they are not.

Senator Manning: It was very confusing the way it was put. It was puzzling me. If you are only generating four jobs out of each project at a cost of \$12,000 each, that is a not very cost-effective operation.

Mr. Manion: The projects have been quite effective. I am not sure that we have here today statistics on the volume of placements by these Outreach projects, but it is substantial. Of course, in the past we have not counted these in our official departmental placement statistics. We will do so in future. We know, for example, that the Fair Share Project in Montreal, which will shortly be self-sufficient and our grant to it will terminate, makes a very substantial number of placements among the hard core unemployed workers in east end Montreal. It is competing on a non-profit basis with the temporary help agencies in Montreal. It is well regarded, it is very aggressive and dynamic, within a very few months our financial assistance will terminate and it will carry on on its own, but it will carry on doing something that was not done before. It is something that really does complement manpower activities. We have many projects like that in the Outreach program.

Senator Neiman: Could we have a little more information on that? Will this Fair Share Project, for instance, be a non-profit organization? What is it all about?

Mr. Manion: The Fair Share Project was the first Outreach project approved. It will have run for three years by this November, and our funding will then terminate. It is set up to provide a service to those people who generally work in the temporary labour market, and are normally the clients of the commercial temporary help agencies. They are employed by the agency, who rents them out to another employer. The organizers of Fair Share felt that their particular group of workers were being exploited by this process; they were being paid the minimum wage, they were not getting the fruits of their labour; many of them would not be assured any regular or continuing access to jobs. A group of them suggested that they organize a non-profit agency which would attempt to pick up the welfare recipients, the ex-prison inmates, the hard core from this area, and find them jobs, both permanent and temporary. They have a number of small vans that they use to take people out to temporary work in warehouses or what have you. They provide the usual check-off and payroll services for these people. They are competing. They are also providing consistently higher wages to the workers than is provided by the commercial temporary help agencies.

We have a paper that summarizes all of the Outreach projects listed in the table. We would be glad to make this available if anyone were interested. It is available in both languages.

Senator Manning: Does that paper show the number of placements resulting from the Outreach project?

Mr. Manion: No. I have another table, though, that does show the number of placements, April to September, 1974. The total placements by these projects in 1973-74 was 26,744. That was really the first full fiscal year in which we had projects operating.

Senator Manning: Do you have that broken down by project?

Mr. Manion: Not today. We could provide it by projects, although that would be a bit more difficult. I have the 1973-74 and 1974-75 to date statistics that I could provide to the committee.

Senator Carter: It would be helpful if we could have the figures for the jobs that go with this table.

Senator Manning: That is what I had in mind. I think it would be very helpful to have that.

Mr. Manion: The table that was shown on the screen?

Senator Carter: Yes.

Mr. Manion: We will try to do this. I would say that some of the Outreach projects do a better job in reporting placements than others. They are not as concerned with statistics as civil servants are, so you will find that in perhaps the urban areas they report very accurately, but in the isolated communities placements are not a primary consideration with them and they do not bother reporting them very accurately. However, we will report what we have. It is an understatement of the total.

Senator Manning: I do not think we need the placements by individual projects, but where you have these categories, what was the number of placements from those 28 projects?

Mr. Manion: We will provide that, senator.

Senator Manning: I do not want to monopolize the time of the committee, Mr. Chairman, but I do have two other points I wish to raise. Looking at Table 8 for a moment, the Canada Farm Labour Pools, I am puzzled by some of the figures. Perhaps we could get a little more information on them. For example, placements in Prince Edward Island totalled 1,039, whereas in Quebec, which has a vastly greater agricultural industry, placements only totalled 64. What is the reason for the wide variation?

Mr. Manion: The farm labour pool in the province of Quebec was only organized towards the end of the season, senator. The introduction of these farm labour pools across the country was staggered. We had authority at the beginning of the fiscal year to set up these pools, but it took some time to get them all in operation. We had to consult with farm groups in the various provinces, and so forth. Another factor which affected the introduction of these pools in the various provinces was the opening of the agricultural season. Where the season was delayed for any reason, we tended to put our efforts in those provinces where the season was early.

Senator Manning: Would the same explanation apply in respect of the disparity between Alberta and Saskatchewan, Alberta having 1,991 and Saskatchewan with 351?

Mr. Boyd: I think the difference as between Alberta and Saskatchewan, senator, is that Alberta was very much

more receptive to the pools than was Saskatchewan. Another factor—and I do not like to tell you this, because I know you are a good Westerner, but I am a good Westerner, too—is, I think, that Alberta has a larger mixed farming community than does Saskatchewan, making the labour pool in Alberta much more successful. In other words, the Alberta farming community and government paid much more attention to the labour pools than did the farming community of Government of Saskatchewan.

Senator Manning: What is your department doing to further develop employer services in respect of certain categories of agriculture which are facing serious manpower shortages? I am thinking now, in particular, of the province of Alberta. The dairy industry, for example, in the province of Alberta is in grave difficulty. I am personally acquainted with five or six quite significant dairy operations which have sold out during the past year for no other reason than that they could not get help. Are there any particular programs under way to try and meet that rather unique problem? I am sure the same must be true in Ontario and other regions.

Mr. Manion: Mr. Boyd, I think, can speak more specifically about the situation in Ontario. On a national basis, we are quite concerned about this problem. We know the problems that farmers are running into, not only with respect to seasonal workers, but permanent workers. In the last several years, we have been relatively successful in helping them with their seasonal needs, but we have done relatively little for the employers' needs in respect of permanent workers, other than through our immigration program. In our immigration program we have put a good deal of emphasis on the recruitment of qualified farm workers. I do not have the statistics, but we can get them for you. However, we did not feel that that was enough. For that reason, when we received authority to set up the farm labour pools, essentially, to meet regional seasonal needs, we insisted that the pools also have the capacity and the authority to help farmers with their year-round labour needs.

These pools will help farmers recruit permanent workers. They will also provide a relief worker service. One of the toughest things in being a dairy farmer—and I know, because my father was one—is that you can never get away from one end of the year to the other. The pool will provide a relief worker—perhaps a retired farmer wishing to pick up some extra income—with whom the farmer can entrust his farm for a few weeks while he goes off on a holiday.

Through the Federal-Provincial Agricultural Manpower Committee, we are looking at some of the long term problems of agricultural employment, one of which is attracting youth into the industry. There is an aging problem among the farming community, especially in certain parts of the country, part of which is due to the unfortunate decline in the image of agriculture among our young people, including young people who come from the farms. Last year, we set up a program called Agriculture for Young Canadians in which we agreed to pay up to 50 per cent of the costs of the provincial governments of programs designed to acquaint young Canadians with permanent opportunities in agriculture. In relation to such programs, we set out objectives and broad guidelines. It is up to the provinces themselves to develop their own programs. I believe Alberta has taken advantage of this, as has Ontario, and a number of other provinces.

In conjunction with one or two of the provinces, we have been talking about the introduction of an agricultural apprenticeship scheme, which offers some promise, especially when it is linked in with the provincial extension service and their own agricultural technology programs. The province of Quebec is very interested in that aspect, as is the province of Prince Edward Island. I think such a program offers some promise for the future.

Another measure that has been discussed but has not gone very far is the development of some kind of status for the experienced, skilled farm worker designating the occupation as a technical one, thereby giving it some kind of recognition, some kind of status in the terms used to identify it. In other words, instead of the designation being "farmhand", it should be "farm technologist," or "farm technician", with different grades of certification. I think in the long run something like that is going to have to be done in order to enhance the image of farm work.

Senator Manning: I am not sure that the department is aware but, rightly or wrongly, the feeling of the dairy industry in Western Canada, at least, is that Canada Manpower is not able to meet their labour needs. I would say that a very large part of dairy farm labour, particularly today, is being obtained outside Canada Manpower programs, usually by direct advertising, which has proven, in most cases, a greater source of supply.

Mr. Manion: I would agree with that, senator. Canada Manpower has not been meeting the needs of the dairy farmers in the past. That is the reason for the introduction of the Canada Farm Labour Pools system. We started last year with none and before the end of the year expanded it to 32 or 33. We hope to have it up to 60 by the end of this fiscal year. These pools, under the general direction of groups of farmers, with expert farm people operating them, and operating in close cooperation with the CMCs, may provide the answer. Certainly, the farmers I have talked to feel that it is a useful change and most of them are quite optimistic, including those I have talked to in Alberta.

Senator Manning: This may be getting somewhat away from the discussion at hand, Mr. Chairman, but perhaps most of us saw the television program last evening where a dogcatcher was called a canine rehabilitation officer. Maybe that is what we are talking about.

The Deputy Chairman: A supplementary, Senator Graham?

Senator Graham: I am just wondering what kinds of results you had with the provincial authorities of agriculture in respect of these programs.

Mr. Manion: We have had better results with them, senator, than we have had with many other departments in provincial governments. The Federal-Provincial Agricultural Manpower Committee is one of the oldest federal-provincial committees in existence. The provincial deputy ministers of agriculture, with myself, are on that Committee, and the local agricultural manpower boards, which are advisory boards, are set up under the auspices of the federal-provincial committee. There are federal and provincial officials on it as well as farmers.

We have been consulting very closely with the provinces on every step in the development of the farm labour pool system and, of course, we are partners with the provinces in federal-provincial agricultural manpower programs gen-

erally. We feel, therefore, that we have a very close partnership with them in the agricultural area.

Senator Manning: My last question, Mr. Chairman, has to do with the employment problem in the mining industry. No doubt some of you have seen the reference in this morning's *Globe and Mail* to a convention of the Mining Association of Canada. The article included this rather striking statement:

Manpower shortages may have cost the mining industry up to \$320 million in lost production in 1974, according to the first phase of a labour study released by the Mining Association of Canada at its annual meeting in Ottawa.

The third paragraph reads:

The study indicated that 43 out of 78 mines reporting were experiencing production cutbacks because of labour shortages.

The same speaker further on in the article it is stated that:

The total labour turnover in the mineral industries in 1973, including office and technical staff, is estimated at about 48,000 employees.

Toward the end of the article the following appears:

Many of the mining operations with the most severe difficulties are located in communities with the most extensive investment in such amenities as subsidized housing, restaurants, sports centres, movie theatres, shopping centres, churches, etc.

This puzzles me in a year in which we experienced the highest increase in unemployment in Canada in years, that the mining industry is faced with such a problem. Would you comment on that?

Mr. Boyd: I do not believe the last part of the statement is correct, but I do not like to argue with some of my colleagues in the Mining Association of Canada. The fact is that their most serious labour problems occur in the more isolated communities, not in centres such as Sudbury and Thompson. The problems are experienced in areas in which there are just no amenities available to the public.

Senator Benidickson: Could you give us some examples of those locations?

Mr. Boyd: I can give you a good example: I recently attended a conference in Northwestern Ontario called by the mining communities and the pulp and paper industry in the area in an endeavour to find out how they could encourage people to move into Northwestern Ontario to live and work and also to keep them there. The most serious problem in mining is the turnover experienced. They told me that Mesabe—which is a mine near Ignace—miners were brought in not only from various areas of Canada, but from Scotland. The Scottish people left within six months. An effort was made to follow them to where they went and it was discovered that they went to Grande Cache, Alberta. Some of these people were questioned and there were actual recordings of the remarks available. One of the miners took them out on the street and said to the man from Mesabe, "Look down this street and then go back to Ignace and look down the street and see why I came to Grande Cache." In Ignace there is not one bit of pavement and the toilet facilities are most primitive. The only decent housing is provided by the mine itself, but it is not sufficient. The people live in trailers, whereas at

Grande Cache the mining community spent a great deal of money and time, as I am sure, Senator Manning is aware, to establish, I would not term it a model town, but a pretty good town. They are able to bring people there and did so from Europe also some years ago. They had problems with the layoff situation, but that is another aspect of it. The miners are inclined to feel that the mines hire and fire as they see fit and when the miners themselves decide to take the same attitude it is their fault. But they do not encourage them. This is an attitude thing which the Mining Association itself admits is a problem, although no reference is made to it in the newspaper article. It is under consideration right now and, in fact, they have established a special committee to investigate the situation. The real problem is turnover, not just getting people. In other words, they hire them and they leave. They re-hire them and they leave again. It is not a question in most mines of wages, because as I believe you are aware, the mining industry now is the second highest paid industry in Canada, second only to construction. As is the case with the forest industry, mining does lose people to industries such as construction. Workers are trained on heavy equipment and move to the construction industry when new projects appear. This is quite natural, because the income is greater. However, there is no labour shortage at INCO, for example, at Sudbury. There is some turnover problem at Thompson because of the very high employment situation in Manitoba and the Prairies in general, where the rate of employment, even with the last issued returns, was only approximately 2 per cent. However, in Ontario very few of the mines really have a problem at the moment. They had a problem six months ago. I have not seen their study, of course, so I am not able to say to what period these figures relate, but they could relate to six months or a year ago.

Certainly at this conference, which was only a month ago, there was no problem raised, except for the difficulty of getting people there and keeping them there. The reasons, as the mining companies said themselves that they could not get them there, were that they had to improve the infrastructure, the housing, the whole general atmosphere of the communities in which they hope to have these people live. In other words, the good communities do hold them.

Senator Benidickson: Over a period of 10 years the mining industry has repeatedly made requests for work permits for immigrants, claiming that they could not find Canadian residents to fulfil their job requirements. Have you any information as to the extent over a period of 10 years that immigrants have been brought in especially for labour in our mines?

Mr. Boyd: Yes, senator; in fact, it is interesting that you should raise this point, because I originally joined this department because of the mining companies requests for immigrants and I came in to advise on it.

Senator Benidickson: We resisted this for fong time.

Mr. Boyd: That is correct.

Senator Benidickson: We said it was ingongnious when we had such high numbers on unemployment insurance that this requirement should be advanced persistently.

Mr. Boyd: In fact it relates to my remarks with respect to the conditions. Although they have improved in most mines, for example in many of the gold mines, up until very recently the conditions, wages and so forth were so

completely unrealistic that people would not stay. The mining companies would come to us and request permission to recruit from overseas. They did that, a good example of which is those from Scotland who moved from Ignace to Grande Cache.

Senator Benidickson: Is Grande Cache coal mining?

Mr. Boyd: That is right.

Senator Benidickson: That is from new base metals to coal mining?

Mr. Boyd: That is correct. Of course, in some cases open pit mines are involved. The question is not the same when dealing with underground mining. However, this is the situation. We have brought immigrants in, but they do not stay. Some of the mining companies even brought in Koreans, which was the big thing at one time. Even they, once they had learned English, moved along and would not stay in a mine at \$2.75 an hour when they could move to another mine down the road in base metals which would pay them \$4.25 an hour.

Until some of the mining community becomes realistic in this area there is just no way they can solve it with immigrants. We could keep bringing immigrants in until, to use the vernacular, we were blue in the face, but we would still end up with a shortage of miners.

The problem is, and I believe most responsible miners are now admitting this, basically due to their failure to provide proper accommodation, towns and facilities. No family will move into a community which has no hospital nearer than 60 miles. A child has only to become sick once in the middle of winter and that is the end of it. The mother tells her husband there is no way they will stay there, that the next time the child may die. Yet this is what the mining companies are asking. I have told the Mining Association this and I do not mind saying it here.

Senator Carter: Mr. Chairman, before I come to the brief, I should like to qualify a couple of points on the chart—the fourth and the fifth. It is called "Industrial Distribution of Job Vacancies." You have a breakdown by industry and the percentage of the vacancies in each industry. If you were to breakdown the work force of Canada among the same industries, how would the percentages compare?

Mr. Manion: We have, but I cannot give it to you off the top of my head. We can provide it for you in a couple of minutes.

Senator Carter: Number 5—the one where we have the bar graph, the adjustment program agreement, under the last three bars, 1971-72, 1972-73, and 1973-74, you have figures. I do not quite understand them, because under 1971-72 you have 33,295, under 1972-73 which is almost the same length of bar, you have only 17,036; and under 1973-74, which is the same as 1971-72, you have a larger figure, 261,466. What do these figures mean?

Mr. Boyd: This is really my fault, I should have explained those figures when I was speaking. Somehow I missed them. Those are the number of people who were involved in the adjustment program. In other words, in 1971-72 there were 33,295 people, employees of the firms, with whom we entered into agreements, who were affected by the adjustment programs. In other words, the 150 odd firms employed 33,295 people.

Senator Carter: What is your measure—is it people or progress?

Mr. Boyd: It is measuring the number of agreements. You will see that at the side it refers to it says "number of agreements. There were 150 agreements.

Senator Benidickson: On the same level for about three fiscal years.

Mr. Boyd: Yes. I mentioned, that it was at the same level. But the number of people employed by the companies with whom we entered into agreements varies. For example, in 1972-73 those same 150 agreements covered only 17,000 people.

Senator Carter: How can I assess, from looking at the figures, the value of 1971-72? I can see that 1966-67 was pretty small, and in 1967-68 it was going up. The same thing in 1969-70. I could say, "Well, there is progress." In 1970-71, you have a big one. The other three are practically the same length. However, you have different figures. How can I compare them?

Mr. Boyd: Senator, I mentioned that. I explained that the reason the number of agreements had not increased was because it reached the maximum our staff could handle. We have a comparatively small staff in the Manpower Consultative Service. In fact, up until this year, they had 27 people, for the whole of Canada. Even at this point in time they have only about 45. These people could handle only so many cases, as we call them—that is, from your point of view, so many agreements. That is why there was no increase for the last three years. At that point in time, the staff had reached the point where that was all they could handle. They are, as I said earlier, industrial relations experts or labour relations experts. These people enter agreements only with the companies, and the companies and their unions, or the companies and their employees' representatives, try to organize a plan whereby they can solve the situation where people are going to be displaced from their jobs, have to take new jobs, have to be retrained, or have to move to another community in order to hold their jobs. We try to involve the company itself in this work. The company puts up half the money and we put half the money to do this.

Senator Carter: I understand all that. What I am trying to find out is whether 1971-72 was the year when you had 33,000 agreements?

Mr. Boyd: No, not agreements—people.

Senator Carter: Thirty-three thousand what?

Mr. Boyd: I have just told you, senator—people; employees of the companies who entered into those agreements. One hundred and fifty companies had 33,295 people working for them.

Senator Carter: The next year you had only 17,000?

Mr. Boyd: That is right.

Senator Carter: Does that mean you are only half as good this year as you were the year before?

Mr. Boyd: Not necessarily.

Senator Carter: But it could.

Mr. Boyd: No, not necessarily, because in 1972-73 we spent a total of \$241,000, and the previous year we spent

\$326,000, in handling almost the same number of agreements. In the following year—

Senator Benidickson: Almost twice as many people found jobs?

Mr. Boyd: That is right. They may not have been out of jobs, senator. I should have made that clear. They may have been adjusted within the corporation itself. For example, Pilkington Glass developed a new float process for making glass. Some of you may have read about it. When they put in their new plant in Toronto in order to do this, they were going to have to re-allocate all the staff that had previously worked in their plate glass plants, because the people who had plate glass experience were no longer qualified to handle this float glass process. We therefore made an agreement with them. We had a consultant come in, and we advised them how to replace their people, and train them, with the least possible disturbance to the people. That is what this program does. If it is a layoff, we try to get people placed in other plants of the company, their suppliers, and things like that. We had one situation—I will not mention the company's name—where by going to their suppliers everyone who was laid off got a job. They did not even have to go through the CMC, they were not on UIC, they never went anywhere. They went straight from one job to the other, which was arranged through the efforts of the employer and our own people advising them. That is the difference. I was going to give you 1973-74. For the 261,000, we spent \$821,000.

Senator Benidickson: Thirteen thousand times the number of jobs—

Mr. Boyd: This could be, because if you are dealing with a big organization which has 40,000 people in it, it may not cost you any more. It does not cost any more, for example, to make out an insurance policy for \$1 million than it does to make out one for \$100. This is the sort of thing we are talking about here.

Senator Benidickson: It does not seem to be a proper measurement.

Mr. Boyd: I do not think we were claiming to try to measure it. We were merely showing you how many agreements and people were affected.

Senator Carter: I do not know what conclusion to draw from that. I knew what the conclusions were, but I could not assess it. In each case you have given different amounts of money, different amounts of people and a different number of jobs.

Mr. Boyd: Imperial Oil employs perhaps 20,000 people on one agreement, and Podunk Metal Working employs only 200 on one agreement. This could happen. You could have an agreement for 200 and you could have one for 10,000. That is the reason for that.

Mr. Manion: Senator Carter, perhaps I could give you the information you asked for in your first question. I have it available. You asked for the distribution of employment by industry compared with the figures we have. I will refer to the industrial breakdown shown in the table, the Distribution of Job Vacancies, and then to the Distribution of Total Employment in that Industry.

For agriculture, we show job vacancies 4.8 per cent, and the total distribution of employment is 5.3 per cent. In forestry we show 1.7; the total industry distribution is 1.0. In fishing, trapping, mines, quarries and oil wells we show

1.6; the general distribution is 1.7. In manufacturing we show 24.4; the general distribution is 22.5. In construction we show 8.2; general distribution is 6.3. In transportation we show 6.1; the general distribution is 8.8. For trade we show 15.4; general distribution is 17.1. In finance, insurance and real estate we show 2.3; general distribution is 4.7. In community business and personal service we show 25.8; general distribution is 26.1. In public administration and defence we show 9.5; general distribution is 6.5

Senator Carter: There is a fairly close co-relation with one or two exceptions.

Mr. Manion: Yes, with some exceptions. We are just looking at the table. We seem to have a somewhat larger share of forestry placements; slightly larger in manufacturing; slightly larger in construction, which incidentally is due to the service we provide to the residential construction industry rather than the non-residential. We are slightly over again in public administration and defence, because we do have delegated to us some of the Public Service hirings at the federal level.

Senator Graham: Could you explain what you mean in the category of trade, for instance, and give us some examples, and also community business and personal service?

Mr. Manion: Trade would be the general retail sales, for example. There are precise definitions for each of these categories. They are used generally in all of the industrial statistical breakdowns by Statistics Canada, and by our department and other departments.

Mr. Boyd: Further to Senator Carter's question on the Manpower Consultative Service, we have a number of case studies here, which employer firms have agreed it might be in order for us to table with the committee if you should so wish. It might help senators more fully to appreciate exactly what does go on with these things.

The Deputy Chairman: Would you like that tabled?

Senator Carter: Yes, please. If in your placement services you have a job vacancy and three qualified people, one of whom is on unemployment insurance, one of whom is on welfare and the other is just looking for a job, which one would you give the job to?

Mr. Manion: The first question is: how many people does the employer want referred to him?

Senator Carter: I am trying to find out what your priority is.

Mr. Manion: I have to give a little preamble first, senator. First of all, the employer will tell us how many jobs he has and how many people he wants referred. He may have one job and he wants five people referred. In that case we will refer five people. In selecting those five from our lists of clients the first priority is to select the people who meet the job requirements specified by the employer; in other words, we will refer qualified people to him. If we do not have enough qualified people we will refer under-qualified people, with the suggestion that perhaps they be trained, or we will try to persuade the employer to take under-qualified people. If an employer wants five referrals for a stockroom job and we have perhaps one hundred people registered with us who could meet his requirements, we will then try to pick people whose needs are greatest; maybe they have been unemployed the longest, or they have substantial family responsibilities, or they have been the victims of neglect or discrimination. The first require-

ment is that we try to refer people who are qualified. There is a veterans' preference requirement as well; other things being equal the person who is a veteran gets priority in referral.

Senator Carter: But generally speaking, if the employer wants five people and there are five completely qualified for that job, your selection or recommendation would be on the basis of the need, the neediest one?

Mr. Manion: No. If he wants five people and we have five people who are qualified we simply send the five people. We do not simply say to the employer, "This person's need is greater than that one."

Senator Carter: The fact that a person is on unemployment or on welfare does not affect his placement? Is any weight given to the fact that he is on unemployment or on welfare?

Mr. Manion: Only in the sense that if we have more qualified people to refer than the employer wants referred we will select among them those whose needs are greatest. For example, if we have somebody registered who already has a job but would like to change, he would like to make a career change, his need is not as great as the fellow with six children who has been unemployed for a year. Other things being equal we would try to give some preference to a person whose needs are greatest. This is contained in the employment service regulations to the Unemployment Insurance Act, which were revised last summer I believe. At one time the rule stated that, other things being equal, you referred the person who had been registered with the Manpower Centre longest. This meant that if somebody registered with us in 1947 and kept his registration active, he would always have to have priority in referral, whether he was employed or not, and new labour force entrants automatically had second priority. The change in the regulations altered that. Now length of registration at a Manpower Centre is no longer the first consideration for referral.

The Deputy Chairman: Under some provincial legislation, from the point of view of human rights, for the employing of men and women on an equal basis, can an employer request a male or female employee? In some provinces he cannot advertise as such, but can he request that from you?

Mr. Manion: No.

The Deputy Chairman: He just has to state that he wants an employee?

Mr. Manion: That is right. We operate under the provisions of the Unemployment Insurance Act, which stipulates that we may not discriminate on the basis of race, sex, political affiliation, creed or national origin.

Senator Carter: But if there were two jobs vacant and you sent down five prospective unemployed people, the employer would also exercise his prerogative to select whichever one he wanted?

Mr. Manion: That is right. This is part of the problem. We do not select for the employer. We will try to pick people who meet his requirements, but we do not go beyond that to do his selection for him. For example, we would not agree to select people who are bright-looking, handsome and so on. Very often when an employer approaches our on-campus CMCs he wants us to do his

selection for him; he has a profile of the person he wants. We refuse to do that. We will select people who meet the requirements for the job in terms of skills and experience, drivers' licence and so on, but we will not pick them because they are bright, blond, male or female, or what have you. Of course, this is why private employment agencies do have a certain competitive edge. They do perform selection as well as recruitment for an employer.

Senator Carter: At the bottom of the same page you talk about the job search program. A fellow comes in, he and the counsellor get together, he is told what to do, and he goes out to look for a job for himself. You say you have a marketing approach. What is actually involved in that? He may not find a job and then come back. Suppose he does find a job. What happens then? Do you know about it?

Mr. Manion: No, sir.

Senator Carter: The fellow who has been into your office and has gone out and found a job on his own, in his contact with your office is he told about the mobility program?

Mr. Manion: The mobility program is not promoted. The lack of promotion is a problem. There is no doubt that in some of the more isolated parts of Canada, the people are not as fully aware of the availability of the mobility program and its benefits, as they should be. In our Manpower Centres we have literature about the mobility program, but we do not do any over-propagandizing about it due to the fact that some of the provinces are very sensitive about what might appear to be an effort by federal agencies to depopulate them by urging people to go and live elsewhere.

We have had criticism, especially from people in Newfoundland, saying that they just were not sufficiently informed about the availability of the mobility program, and we are trying to do something about it.

Senator Carter: You list the types of grants on page 7, exploratory grants, relocation grants, and so forth, and at the end you have a re-establishment allowance and an allowance of \$1,500 for the purpose of buying a home in the new locality. I, myself, have come across cases where people have found work on their own in another province and have gone themselves and taken the job, and the next thing they want to do is to get their wives and families and their furniture out. A good many of them do not even know that they can get a furniture allowance or a travelling allowance. I did not know myself that there was an allowance to purchase a home until I read this brief.

Mr. Manion: The problem in the type of case you mention, senator, is that very often the people cannot get these allowances. If they move on their own initiative, without going near a Canada Manpower Centre, and then apply for an allowance, they will not get it. The reason for that is to ensure that people are counselled before moving. We do not want people moving from Halifax to Vancouver, even though they are unemployed and there is a job in Vancouver, if there is the same kind of job or a better job for them in Sydney or Saint John, New Brunswick.

The purpose of the requirement that they go through us is so that they can be given the best information about job possibilities. We have found a lot of people will move on their own and then, because they have not been counselled, will move back within a few months because either they themselves, or their families, are unhappy in the new

locality. For that reason, the law provides that they must apply in advance to a Canada Manpower Centre. Otherwise, they are not eligible for these benefits.

Senator Carter: I do not know whether he was counselled or not, but I know of one particular case in Dartmouth, Nova Scotia, where the man had been on the unemployment roll for nearly a year. Somehow or other he found out about a job in a mine out in Alberta, so he went after it and got it. I do not know who gave him the money to get out there, but I am sure he knew nothing about travel allowances. That man had been registered with your office for nearly a year. It was in desperation that he went off like that on his own. I can cite similar cases. I should think that if the person is registered with your office for employment, is a client of yours, he should have the right to know what is available in the way of benefits.

Mr. Manion: The services available to him through Canada Manpower are pretty fully described in literature which is handed to him when he comes in to register. He is given brochures describing the services of the CMC when he first comes to the Canada Manpower office. As a matter of fact, we are sometimes accused of having too much of this stuff in our CMCs. We have pamphlets, for example, on the mobility program, the training program, and the various other programs.

There might be cases of people using our CMCs who are not aware of the mobility program, but they would be rare. It is more likely that they would move without having ever been near one of our centres.

Senator Carter: I know a few individuals in my own province who have moved as a group and who were well taken care of. However, a lot of people who are registered and who are looking for jobs move outside a group. These are the people who seem to miss out as compared with those who move in groups.

The Deputy Chairman: A supplementary, Senator Graham.

Senator Graham: I am just wondering, Mr. Chairman, whether there is any obligation on the part of an individual receiving a grant in terms of a specified period of time for which he must remain on the particular job or in the particular locality? I am thinking in terms, for instance, of programs which the armed forces have for educating doctors or dentists who must then remain in the service for a certain period of time. Also, certain provinces provide special grants and aid in terms of equipment to dentists, for instance, who locate in areas where there is a shortage of dentists, and the recipients of such benefits must remain in the localities in question for a specified period of time.

Senator Benidickson: They provide, in effect, a guaranteed income.

Senator Graham: That is right. I am wondering whether there is any kind of obligation or restriction attached to Canada Manpower programs.

Mr. Manion: We do not have a formal commitment in that respect, senator. We have to be assured that the job is a permanent one, a continuing one, and that the individual's intention is to remain in the locality in question. We give him the opportunity to travel to the locality and take a look at the job. In some cases, in respect of permanent re-establishment, we will allow the wife to go along and take a look. However, we do not feel that any useful

purpose would be served in trying to force the individual to stay there through some type of repayment requirement.

These people are, generally, fairly poor. If the wife were to get sick, or want to go home to mother, that family is going to go home. To then saddle them with a repayment requirement of \$1,000 or \$1,500 is not going to help anybody. We think that the better way to handle it is by means of the allowance which assists them with their integration into the new community, the home owner's allowance, which makes a difference in being able to purchase a home. We have a fairly substantial number of people who are doing this, and once they purchase a home, they are going to stay. The re-establishment allowance, too, is reasonably generous for that purpose.

The Deputy Chairman: A supplementary, Senator Barrow.

Senator Barrow: In connection with your mobility program, you show that in the Atlantic provinces 317,890 people were helped. I hope I understood Mr. Boyd correctly when he said that in the Atlantic region many of these people were moved out of the Atlantic region, whereas in Quebec and Ontario, they moved within the region.

Mr. Boyd: That is correct.

Senator Barrow: If that is so, why would the average cost per job be 50 per cent more in the provinces of Quebec and Ontario than it is in the Atlantic provinces.

Mr. Boyd: We have not broken down these grants by type, senator. In some cases there would be exploratory grants, which are comparably cheaper. In other words, the chap would only go out to look at the job. If he then decided he did not want to take it, that is the end of the expenditure. However, if he takes a permanent job and we move him completely—family, furniture, and so forth—and, perhaps, give him a housing allowance, then that is a whole relocation grant, amounting to a large amount of money. In fact, it could run up to \$4,000 or \$5,000 in some cases, depending on how far he moved. So this must be related to various types of grants. You will find that in the two big regions, where the population is very much larger, these are almost all relocations, whereas in the Atlantic region we do have many exploratory grants. For example, people will go from Dartmouth or Halifax up to the iron mines in Labrador, just to see if they can live there. Sometimes their wives will also go, as Mr. Manion mentioned and in some cases the wife decides she does not like the community and that is the end of it. They return to Halifax, where another job must be found for them elsewhere. That is the explanation for this. We could provide a breakdown of those grants.

Senator Neiman: My question is related to a point earlier by Mr. Manion with respect to the grants specifically for re-establishing the home. In the even a re-establishment grant has been given a person to buy a home and he decides within a matter of weeks or a few months that he does not like it, sells the home and returns to where he came from, do you make any effort to recover some of the costs?

Mr. Manion: No, senator.

Senator Neiman: Do you not feel that there should be some stipulation? When the person returns from the place to which he was relocated do you start all over again and give another grant for him to go somewhere else?

Mr. Manion: Our experience, senator, is that when they buy a house they do not return to where they came from. At one time there was a system of repayable loans governing mobility, but it did not work.

Senator Neiman: Why not?

Mr. Manion: For one thing it was very difficult to persuade people to take loans. In cases where they did it was very difficult to recover and we were spending more on repayment efforts than it would have cost to give outright grants in the first place. This is why the scheme was changed from loans to outright grants a few years ago.

I believe we mentioned that the benefit-cost analysis of the mobility program illustrates that it does provide a very good economic return for the investment. We have statistics of the percentage of those who return, which we can provide for you.

Senator Neiman: That would be interesting.

Mr. Manion: However, it is a program that has been adjusted year by year to take into account the findings of the evaluation. The regulation and criteria are amended quite frequently and we believe it works quite well.

The Deputy Chairman: Are you suggesting that there are not many abuses of the program?

Mr. Manion: No; if anything, I feel that the program is administered a little too conservatively because of the need for financial surveillance in such programs.

Senator Carter: At the bottom half of page 4 of your submission you describe a project which involved 44 manpower centres and a total of 216,926 people. Of this number you say 30,000 were placed, which is roughly 15 per cent that you know of and you estimate that probably another 15 per cent found jobs on their own, of which you would not know. Looking at it from the outside, that 30 per cent would seem to be a rather low figure. Was there something special about this group that would alter that opinion?

Mr. Manion: They were on unemployment insurance and welfare. In some cases they had been on for considerable periods of time. Many of them, in my opinion quite naturally, would resist being taken off unemployment insurance or welfare. I believe the minister mentioned cases in one city where we placed workers who had been in receipt of welfare for five or seven years. There is a resistance when people have been receiving income transfers for that length of time to losing it. They lose not only the income, but the security attached to it, their medical cards and so on. It is very difficult to get them off the dole once they get on. The whole purpose of this program is to move them into jobs and, hopefully, get at them as early as possible in the process.

The arrangements we are making now with the UIC involve us getting at these people as soon as they apply for benefits or go on claim. Many of the people we were dealing with in this first effort had been on claim for 10 or 12 weeks and there is a reluctance and resistance to move. We find it much harder to place them than the average client in the CMC.

Senator Carter: The other point that struck me with respect to that figure, although you have practically explained the characteristics of that particular group being on welfare or unemployment insurance, is why only 216,000 actually took part out of 345,000 invited, but at the

bottom of that paragraph you indicate that a total of only 5,000 were directed to training courses. You say also at the bottom of the paragraph that many of these were very difficult to place.

I presume if they were difficult to place it was probably because they lacked skills, or had some personality defect or instability. However, it seems to me that out of 270,000 or, if you deduct the 60,000, out of it, out of 150,000 only 5,000 were directed actually to training courses to improve their skills. That seems to be a small proportion out of 150,000.

Mr. Manion: It is, senator; there are some reasons for it. First of all, not everyone needs training. A trained person may be unemployed simply because of a shortage of jobs calling for his particular skills. Some do not wish to be trained; they may have dropped out of school because they did not like it and do not wish to go back under any circumstances.

Aside from that, it is true that we cannot put into training as many people as should be trained. One reason is a general lack of resources. Another factor is that we must train in the light of the requirements of the labour market. We might have a thousand applicants who want to be draftsmen, but if there are only jobs for 200 draftsmen we provide training places for 200 or 220. The others must be counselled to do something else. The training institutions themselves will sometimes select. If they have only 20 training places, they will pick those who are best suited for a particular occupation, most likely to graduate and so on. So there is, unfortunately, a kind of rationing process, in fact several of them which work together. Not as many are trained as we would like to train.

Senator Benidickson: While Senator Carter is discussing this matter of the Special Job Finding and Placement Drive, it might be appropriate to ask, as he has, a question with respect to the placement in particular of unemployment insurance claimants and welfare recipients. Am I right in understanding that it has been asserted that as a result of this Special Job Finding or Placement Drive, with respect to unemployment insurance claimants and disqualifications of unemployment insurance claimants there is expected to be a saving to the Unemployment Insurance account of approximately \$30 million to \$40 million in 1974-75?

Mr. Manion: Yes.

Senator Benidickson: Would you be able to break that down as to what portion relates to disqualifying unemployment insurance claimants, and how that comes about?

Mr. Manion: No, senator, I do not have that information. It is the estimated reduction in payments. It is calculated in several different ways. First, it is obvious that if someone has been on claim and is placed in a job, you are not going to spend any more money on him.

Senator Benidickson: He goes off unemployment.

Mr. Manion: That is right.

Senator Benidickson: What I was wondering is, if you have offered him a job, tried to place him, and it becomes a disqualification, resulting from his not taking the job, is that part of this saving you are talking about?

Mr. Manion: It is part of the saving, but we cannot give you a breakdown of the amount of the saving resulting

from disqualification, and the amount resulting from the individual being placed in a job. The total package is measured together.

Senator Benidickson: Why are they lumped together?

Mr. Manion: Because this is the only effective way to measure savings, senator. As I was starting to explain, it is extremely difficult to measure the savings in an individual case. You place someone in a job, you know he is not going to get unemployment insurance, but you do not know how much unemployment insurance he would have got had he stayed on claim. The way it is measure is by taking a controlled group of people who apply for unemployment insurance at the same time, but do not receive this service, and then compare the cost to the Unemployment Insurance scheme of payments to the controlled group compared with the reduced cost of payments to the people we help. On that basis, the savings are calculated to be of this order. But it is extremely difficult to calculate in the case of a person who is disqualified or the person who is placed in a job or places himself in a job.

Senator Neiman: I must say, it did my heart good to hear Mr. Boyd say the department is paying due deference to International Women's Year. I hope it is not going so far as to consider changing its name to the Department of Personpower and Immigration. I was curious to know why the department felt it necessary to appoint special regional officers for women.

Mr. Manion: Things are not going to happen unless you make them happen, senator. It is all very well to have general policies and to instruct our people to carry them out. Sometimes you feel as though you are sitting on top of a big powerful bulldozer, where the lever is not connected to the driving mechanism. You do have to have mechanisms, to make sure that the policies are carried out, to monitor them, to persuade, cajole and coordinate efforts. Certainly we have had a policy of equal access to employment opportunity for women, but frankly we needed some people on the ground to push. We had a policy of opening up training courses generally, regardless of what they were—heavy duty equipment operators, mechanics—opening these up to women. But we needed someone with a special interest to keep pushing all the time, to make sure that through inadvertence, neglect, or inefficiency we did not slip back.

We have hired these five people to act as our social conscience in this area and to keep pushing our local and national managers. We think the results will show that it was a sensible move. We have done the same thing in respect of other groups, with youth. We have people in the department who nag us constantly about our service to youth. We put together a special task force to examine our performance, critically, in the area of Manpower services to natives. It is not enough to establish a policy and issue an order. We have to have someone who will nag, push and persuade.

Senator Neiman: Did I understand you to say that you hired these people, or are they people you brought in from outside the department?

Mr. Manion: In most cases they are people who had extensive experience in the department and who had the qualifications for the job.

Senator Neiman: Could I assume that any one of them is a woman?

Mr. Manion: There were men who applied. We qualified one, I believe, in one of our regions, and at the last moment he got another job. We wound up inadvertently with five women in these jobs. It broke my heart when the fellow decided not to take that job!

Senator Neiman: May I ask what percentage of the counsellors in your Manpower Centres are women?

Mr. Manion: Thirty-one per cent.

Senator Neiman: Let me go on to another area which you touched on—namely, the youth centres. I discussed this with the CMC manager in Brampton a week or so ago. I understand there is a special youth centre which has been set up—one of your pilot projects—in North Toronto.

Mr. Boyd: North York CMC.

Senator Neiman: Can you tell me how this differs from the services which you are providing for youth—which obviously is a large part of your clientele, particularly around there? How does this differ in any respect?

Mr. Boyd: There is a special youth division set up in the North York CMC. In the others, there is not a specific youth division. In other words, a young person could go to the same counsellor who previously had interviewed and older person, a person aged 45 or 50. In North York there is a special division set up which does nothing else but deal with young people and their problems. We started it last fall, about September.

Senator Neiman: What special qualifications do those youth counsellors have, apart from being young?

Mr. Boyd: They are young, and they have been given education in youth-oriented problems—in other words, problems which the young people run into. Most of them, for example, do not have any experience. This is one of the problems we have with employers. We have to overcome this. We have to suggest in some cases that they take a lesser job than the person thinks he is capable of, or perhaps he is really capable of, in order to get experience. There is special reading material, special counselling, and we use the job search technique, orienting it more to the young person's approach than the older person's approach. We are trying to make it so that he is dealing with his peers rather than with one of our older counsellors who could be as old as I am and the young person thinks he is dealing with his father or grandfather rather than the person he thinks he should be dealing with, a person who really understands his problems.

Senator Neiman: Touching on another area, what you might consider to be a special project, I refer to this undertaking, which I think is comparatively recent, where you are compiling volumes of different types of jobs with job descriptions, the types of training involved, and where these jobs can be found. I know this is done. I have seen these books in semi-commercial personnel counselling offices. I believe the ones I saw were prepared by the University of Toronto. Are you making use of the facilities and the books that are already in existence, or are you starting all over again and compiling your own?

Mr. Manion: Senator, I am not sure that I follow you. We do have the Canadian Classification and Dictionary of Occupations. We have provided a set to the committee. They are two large red volumes which describe the work to be done, the skills required to do it and how those skills

are obtained for a vast array of Canadian occupations. Until recently we had the American Dictionary of Occupational Titles that we used in Canada, but it was not very appropriate. Now the federal Department of Manpower and Immigration has produced this. It is being generally used, and will be increasingly used throughout the educational and training system in Canada, and throughout the counselling system in Canada. It is by far, I think, the most sophisticated and accurate device available to counsellors in this country. I do not know whether that is the book you are referring to.

Senator Neiman: I have not seen one from the CMC office, if it is available, but I know one of the other committee members, who was unable to be here today, has seen it. I am not quite sure, therefore, if we are talking about the same thing. The type I have seen is a massive looseleaf binder type of thing that lists all types of jobs and professions. It is not just jobs, but professions, starting with agronomists, or something like that; it is in alphabetical order and gives complete details of the educational requirements, where this type of education or job training can be found, and the approximate wage or salary scales that might be achieved through this type of education. I am wondering if that is essentially the same type of thing.

Mr. Manion: That is different. The Canadian Classification Dictionary of Occupations is essentially descriptive of the occupations. I think what you are referring to is a counselling guide, in which more specific information would be inserted, especially about demand and supply of the occupation and projections of demand and supply, for the use of counsellors. We are producing the "Careers Canada"/"Careers Province" series that we think will do a better job of providing this information than is now being done in any jurisdiction. We hope that the "Careers Province" part of it, which takes the national generalizations and makes them much more specific, will be developed in co-operation with the provinces, that it will be flexible enough, so that when used in a province or in a particular institution, or in a manpower centre, a great deal of local information can be added.

It will be looseleaf; there will be lots of open white spaces in it so that it can be used very flexibly. For example, if it is used by a counsellor in a manpower centre there will be a lot of hard job data added; if it is used by a counsellor in an institution a lot of data about job selection would be added to it. I am sure the one you have described is the one perhaps developed by the institution for its own purposes, using whatever information is available from elsewhere. The "Careers Canada"/"Careers Province" is not yet in general use. The elements are just beginning to be produced now.

Senator Neiman: I do have a number of questions on your Outreach program, to which Senator Manning has already referred. However, I think I would prefer to wait until another day as far as they are concerned. Since you are going to give us a more detailed breakdown and more information on the Outreach program, it might be easier to get at the information that I want then.

Senator Carter: I think we should put on the record today, before leaving the Outreach program, how you go about initiating an Outreach program? What are the factors?

Mr. Manion: The first step would be for us to determine that there is a service gap; that we are not providing

service adequately to some group or some area because of geographic isolation or social isolation. The next step would be to consult with groups of people or organizations that might be able to assist us in filling that gap, or to consider ways of creating an organization to fill that gap. We will then negotiate the development of a contract. Unlike the LIP and OFY programs, it is not possible for people to apply for an Outreach grant as such. There is a process of negotiation, consultation and development. The department does try to have something tailored to the particular needs; in other words to fill the gap that has been identified. There may be groups that want to do things that are perfectly valid and legitimate but that do not fit within the Outreach concept. For example, a number of women's groups may be interested in doing work with women, but there is perhaps a marginal employment involvement, and for that reason we would say it is not a suitable project for Outreach because it is not extending our regular services in any meaningful way.

Senator Carter: The initiative usually comes from your department?

Mr. Manion: Usually.

Senator Carter: You discover the gap and try to correct it. Are there cases when the initiative comes from outside?

Mr. Manion: There will be some cases when the initiative comes from outside. For example, a group that might have heard of our Outreach program will come in to us and say, "We have heard about that. Our people are not being adequately served. We would like to get into an Outreach program." For example, we have had some people in the Northwest Territories and Northern Manitoba who have come to us looking for that type of arrangement, but our funds have not been adequate to extend to that.

Senator Benidickson: You say people have come to you. Do you mean organizations have come to you?

Mr. Manion: Both. It may be a formal organization, or it may be an informal group of citizens who are looking for help. It could, for example, be an Indian band council, a provincial Métis association, a paraplegic association, or an informal group of ex-prison inmates who feel they have problems. It may be a part of another organization that splits off to provide this. It could be anything. The starting point is some identified gap in the provision of manpower services to Canadian workers.

Senator Benidickson: Mr. Boyd referred to what looked like a fairly thick document that gave details of these contractual arrangements for the Outreach program. Is that simply to be left with our staff?

The Deputy Chairman: We are going to have it distributed to each member of the committee.

Senator Neiman: I have before me what is called "Work Plan of Task Force on Manpower Services to Native People" to which Mr. Boyd referred a few minutes ago. How long ago was this special task force set up?

Mr. Manion: In the past six months. I believe we began discussing it last summer and it took shape in the early fall.

Senator Neiman: Have you really got it under way at all, other than setting up what I assume is the infrastructure?

Senator Benidickson: It refers to so many native projects, does it not? Would each project be referred to in this document that I have just asked about?

Mr. Boyd: That is the Outreach program.

Senator Neiman: This is something different. This is the "Task Force on Manpower Services to Native People," which is a special task force recently set up. I recall reading in a newspaper some comment on this when it was done, but I could not remember how long ago it happened. I have a diagram here showing what is called the operational chart. I gather all these regions and headquarters teams are not operational, are they?

Mr. Manion: Yes. The document you are referring to is our own work plan. I should say that there are people present who could describe this task force much better than I. The purpose is first for us to look at our own services to natives, to see to what extent they are adequate or inadequate, what we can do to adjust them. Secondly, the purpose is in the process to involve native people in Canada as much as possible. We are not necessarily trying to produce a piece of paper. We want to get a process of thinking and adjustment going on that is as dynamic as possible and which is as responsive to the needs of the native people as possible. Rather than developing a set of programs or a set of actions and then saying, "Fine, what do you think about that?", we are trying to involve them from the beginning in meeting with our staff, with our minister, and with the executive branch of our department to guide the thing along. There may never be a report resulting from this, but we hope there will be some useful changes.

We do have Mr. Jean Lagassé, Chairman of the Task Force on Manpower Services to Native People, with us this morning, and he could explain it much better than I can.

The Deputy Chairman: Would you like further explanation, Senator Neiman?

Senator Neiman: I would, Mr. Chairman, yes.

Mr. Jean Lagassé, (Chairman, Task Force on Manpower Services to Native People, Department of Manpower and Immigration): I believe the work plan which you probably have before you, senator, is dated January, 1975.

Senator Neiman: That is correct, Mr. Lagassé.

Mr. Lagassé: This can be made available to members of the committee. The different tasks that are being undertaken are being undertaken by what are called the delivery components of the department. As task forces are often constituted, they are made up of people who are already in the employ of the department and who have responsibilities for various program sectors. For example, if one were to ask how Outreach is serving the native people, this would be done by Outreach personnel, in consultation, perhaps, with the secretariat of the task force. In this case, there are already a substantial number of native people in the employ of the Outreach program at the contract recipient level.

Senator Neiman: How many native people are in the employ of the department itself?

Mr. Lagassé: The percentage of native people in the Outreach program is about 25 per cent. In that program, as in many other programs dealing with native participation, the amounts of the grants are several times beyond the

percentage of the native people in the population. As an example, the Opportunities for Youth Program last year had a budget of some \$30 million, 8 per cent of which went to people of native ancestry, whereas the number of people of native ancestry in Canada does not approach 8 per cent. In the delivery rate you would have a different utilization of programs reflecting the high unemployment rate of native people.

Your question was the number of native employees within the department. The figures are not yet available for February. If they were, they would be low. In some small offices, such as in the Northwest Territories, two or three years ago at this time there were, perhaps, none, whereas on this date there are, perhaps, ten, and the number will be moving upwards. In other words, it may reflect about 10 per cent now, but it will be going up.

In the last 12 or 18 months there has been an increased focus on people of native ancestry within the department, and the task force is an expression of that. The starting point was very low in terms of the visibility of native people within the department. In the task force itself, other than the secretaries, our aim is to have only people of native ancestry.

Senator Neiman: I think one of the comments I read in the paper was that the native organizations were objecting to some degree—and I do not know how valid the objection is, but it is one which is frequently heard—to this being, perhaps, another example of paternalism exhibited by our federal government, or any other government, for that matter, where native organizations are only allowed to come in at the advisory level. In other words, they are not being integrated right into the program and given the opportunity for any direct input. I can understand that happening, perhaps, at the inception of a program.

Do I understand from what you are saying that the proposal is that the native people take over the entire program?

Mr. Lagassé: With respect to the task force itself, the minister presented to the presidents of the six major national native organizations four models, including a study of departmental programs to be totally done by native people outside the structure of the department; a study done within the department with a report at the end on which the department would act, which is what we have observed in the department; an advisory council composed of members of the delivery system of the department; and an advisory group made up of representatives of the native associations to oversee the activities of the task force.

The native organizations opted in favour of the latter, which is the model reflected on this chart. You will see from the three levels that in each region there is a regional coordinator of the task force, and that regional coordinator, together with the chairman and five other people, plus the six presidents of the national organizations, constitute an advisory group. A similar pattern has emerged in each of the other regions with the regional coordinator, along with the presidents of the major provincial organizations forming the advisory group.

The people who are directing the program elements within the departments—and by that I mean those involved in job creation projects, manpower training, mobility programs—in conjunction with the presidents of the associations, will be looking at the programs for quality of delivery, and so forth. So, that is the model for doing

the work. The participation of the native people is fairly high, and it will be higher.

Over and above that, one of the precise goals, of the task force is to look at personnel policies in order to guarantee, as much as we can, that in those centres which serve a large native population there are people who have particular ability to deal with native people, and that is why we suggest that you need a good knowledge of the home life of native people in order to offer advice.

Senator Neiman: May I just clarify one point? When we are talking about the native people here, are you including the Metis, of Saskatchewan, and the non-status Indians?

Mr. Lagassé: The non-status Indians, the Metis, persons who consider themselves to be natives, and who are considered by their peers in the working environment as native people.

Senator Neiman: Take the province of Saskatchewan, for example, where there are large numbers of unemployed Metis. Have you any special project, or any special centre set up, under this program?

Mr. Lagassé: There was an outreach program that was sponsored by the Saskatchewan Metis Federation.

Senator Neiman: One?

Mr. Lagassé: But it was province-wide. Again one has to be fair, because in research activity an outreach program could deal with land and housing, and could deal with that particular band, or it could deal with the provincial association and cover the entire province. However, it is just listed as one, but in that case it was the whole province that was being covered, in so far, again, as the funds allowed, for that particular organization.

The Deputy Chairman: Would that be listed in the brief you gave us?

Mr. Lagassé: No. The paper that is before the committee is one which describes exclusively the work plan for the task force. The actual plan of work of each of the components of the force is not in here, because the task force is of recent creation.

Each regional co-ordinator—and there is another of the charts here—has developed something in this way. We look at the delivery system and the effectiveness of the various elements in his region. It means that he will work with the general managers, or the managers, of the CMCs that have a large native population. These are being identified now, and in fact already have been, in most cases. They will look at what happens in Kenora, for example, or what happens in Prince Alberta, or Prince George, and will deal with the population there. There is no other way of doing it. Obviously the feedback that you get is important.

Structured in here is always not only the president, but the advisory committee and the national president, and their role is not just to be there, but, within their groups they have also initiated an activity which consists of locating manpower programs, of sending items to their house organs, if they may be called that, their weeklies, or monthlies, or whatever it is. There will appear in these publications stories of what the task force is about. There is information going out about the program, and others as well, to provincial association and to local associations, saying, "There is a task force from manpower. There is a good chance here to obtain influence over the choice of the

type of program that manpower is providing. Here are the programs being provided. Please study the programs and ask how they could be more effective at home and how they could be changed to be more effective everywhere, if necessary, and do get active with all these people who are coming from the regional CMC to talk to you about this."

So their role, just as much as mine or that of the chairman, is really to activate the process of discussion and study that will yield, of necessity, and has yielded already, some difference in the performance of the delivery system in a more effective way for the native people. There will not be, as was mentioned, a new report embodying everything. There will be minutes, and reports, but directly written by people who, many cases, have the authority to implement what they write about. For example, suppose the work that is being done is job creation. The job creation director, general right away, having seen what is being said by native people, can change the type of directives that are being sent out. There does not need to be any kind of written recommendation. He sees what is there, and after discussion he can go back with his people and say, "I guess this is what we have to do."

Senator Neiman: Where are these regional co-ordinators? Are they here or out in the regions?

Mr. Lagassé: In the regions. Halifax has a regional office, and so they work there. There is a regional office in Montreal, there is one in Toronto. Mr. Boyd has a regional co-ordinator in his office. In Winnipeg there is one for the prairie region, and I know that the plan in Winnipeg is to have an addition to that provincial co-ordinator because of the large population in each province.

Senator Neiman: I would think, right off the top of my head—and I may be quite wrong about this—that the largest unemployment in terms of all these native peoples would be in Saskatchewan, would it not, with the Metis?

Mr. Lagassé: It is hard to say. Populationwise, the five provinces west of Quebec have populations that are just about even in size. Once you put the Metis, non-status and Indian figures together, you find that you end up with figures that are very similar, though if you look at one, such as the Metis, in your province, you would say, "Well, there is a large Metis population there. The Indian population in Saskatchewan is lower than that of British Columbia and Ontario." So the fact that there are perhaps less identified Metis in British Columbia and Ontario does not change the result when you use the word "native." It gets down to a population figure that is in the area of 60,000, or something like that.

Senator Neiman: I may be wrong about this, but the employment problem, or the problem of trying to find employment for these groups, would be quite different for the status Indian—the reserve Indian—than for the Metis. That is a different problem.

Mr. Lagassé: I would say the geographical location is the real factor. Let us take Dillon, Saskatchewan. I don't know what the real figures are, but say you have 140 Metis and 190 Indians. This is a little village located away from roads, by a forest which is not economically exploitable, at least under present circumstances. You will find there is, at certain seasons, perhaps 90 per cent unemployment on both the reserves and in the fringe Metis community. If, on the other hand, you look at the 20,000 native people, whether they be Indians or Metis, in Regina, then again that will be another set of situations. But I do not think there would

be much difference between a status Indian in that setting, and a non-status Indian. The native culture, and the physical characteristics are the two things that will probably affect the relationships of that individual the most.

Senator Neiman: Well, Mr. Chairman, I know other senators have questions, but I would just like to put on record that there was, in the *Globe and Mail*, either of yesterday or perhaps a couple of days ago, a series of rather serious allegations from members of, or participants in, the conference of the Ontario Human Rights Association, about discrimination within the Department of Manpower and Immigration. Some of these allegations touch directly on the operation of Manpower Division. I made a note of the names of the people who were involved, and I have been trying to get in touch with them. I would like at some point, after I have been in touch with them, to verify what was said in the newspaper. I should like to get their version. I would like to bring this matter up again, then, subsequently.

Mr. Manion: You might be interested to know that Mr. Andras met with at least some of the people whose remarks were quoted in the article, a few days before, and these criticisms were not mentioned to him.

Mr. Boyd: I was there.

Senator Neiman: That is why I did not feel that I should bring this up until I had learned more about it.

Mr. Manion: The main criticism of Manpower by this group is that those who are here as visitors, or have temporary status, find jobs of their own, then they come to Manpower and Manpower takes those jobs and offers them to Canadians.

Senator Neiman: That is the allegation.

Mr. Manion: It is absolutely true, and it is the law. We are obliged to do it.

Senator Neiman: I thought the paper said that these were immigrants who were entitled to work.

Mr. Manion: No. They are not immigrants. They are here without immigrant status, looking for permission to take work. Under the law we can only authorize this if Canadians are not available for these jobs. This is a criticism, and we have no power to do anything other than what was done.

Mr. Boyd: In fact, we have very special services for immigrants, particularly in the Toronto area, in Toronto West, this being the western CMC, on Dundas West. There is a very large section devoted to looking after the settlement of immigrants. The same thing holds true for the large Toronto industrial trades CMC, which is on Dundas but East. This is the largest CMC in Canada, and it also has a large section devoted to the same thing.

It happens that in Brampton and places in the northern sector, as I think you would realize, there is not the same demand for immigrant service. Therefore, although we service them, we do not have these large special sections.

But this is for immigrants, and as Mr. Manion says, if I read the article correctly, they were referring to people brought in as non-immigrant labour on employment visas who then leave one job and apply for another. It is contrary to the law for us to give them another employment visa if there is a Canadian available to do the job.

Senator Barrow: Before he left, Senator Benidickson asked me to put a question concerning manpower mobility in respect of the grant in connection with buying a new home. He said he could not find it referred to in this brochure. I have found it, but I notice that it is worded not as one might expect it to be worded. It says that if you qualify for a relocation grant you may also receive a reestablishment allowance to help you get settled in the community, and a homeowner's allowance to assist you with the expenses of buying a new home. I think the word rather should be "cost" of buying a new home.

Mr. Manion: The words used in the brochure are the words used in the regulations. The distinction between a grant and an allowance is a fine one known better to our financial and legal officers than ourselves. It is, in other words, a specific allowance for a specific purpose. We would expect to see the registered deed of the purchase before the allowance was given. Grants tend to be unconditional transfers.

Senator Barrow: I was not referring to the word "grant". I was referring to the word "expenses" of buying a new home. The expenses are the legal expenses and other expenses which you may incur in the process of buying a home, but the cost of the home is what you actually pay for it.

Now, I would just like to say to Mr. Manion that Senator Hicks and I took advantage of his offer last week and visited two of the manpower offices in Halifax with Mr. Leblanc and Mr. Mark McKee, his assistant, and while I cannot speak for Senator Hicks, I was certainly impressed with the operation of the two offices I visited.

Mr. Manion: Thank you, senator. If I may just comment to the committee, a number of senators have visited CMCs and it has impressed our staff enormously that the members of the committee are taking this interest in the operations. Many of our staff are used to criticism, but they are not used to the critics going in and getting a firsthand look at what is going on. It is much appreciated.

Senator Carter: If I may come back to placements, do you place many professional people?

Mr. Manion: Not proportionately, Senator Carter. We have a relatively small penetration of that part of the labour market.

Senator Carter: On pages 25 and 26 you have some figures on vacancies. Could you sometime, at your convenience, provide the committee with a breakdown of those figures in categories of skilled, unskilled, professional and management? Would that be possible or would that involve too much work?

The Deputy Chairman: Pardon me, Senator Carter, but I missed what you said. I am sorry. Would you repeat your question for my benefit please, Senator Carter?

Senator Carter: At pages 25 and 26 job vacancies are listed, but on page 25 it is stated:

—over 28.5 per cent of all vacancies were for clerical and related occupations. Other occupations were distributed as follows:

A list follows. Could you produce a comparable list showing a breakdown as to whether the vacancies are skilled, unskilled, professional or management and so forth?

Mr. Manion: Yes, we could provide a good deal in respect to that information, senator Carter, and we will undertake to produce a table along those lines.

Of course, the distinction as to whether an occupation is skilled or unskilled is sometimes rather fine but we will collect the best information available for you.

Senator Carter: On page 26 the statement appears:

—the average weekly wage for job vacancies at the Canada Manpower Centres was \$119. This was 26 per cent below the 1973 average industrial weekly wage in Canada of \$160.

What is the interpretation of that statement? Does it mean that the poorer and lower paying jobs are more likely to become vacant?

Mr. Manion: No, they are more likely to be registered with Manpower, senator. In the process of filling jobs every employer, whatever his business, follows the same line. The better jobs are very often the easiest to fill. In cases of small operations the better jobs are often filled by relatives and friends and a personal information system is utilized. When these sources are exhausted the employer reaches out and Manpower tends to get the more difficult jobs to fill, which are not taken by those who come to the gate or answer advertisements in newspapers.

Senator Carter: Would the corollary of that be true, that the better paying jobs are placed with the private placement agencies?

Mr. Manion: Not necessarily, senator. The private placement agencies as such have a very low percentage of the market according to such information as we have. They are used primarily when employers want a specialized type of recruitment and selection carried out. For example, even the federal public service uses the private placement agencies to seek out special types of professionals or executives. The engineers' association provides a very highly skilled employment agency for its own members. The Technical Services Council is another. These provide very specialized and in some cases very professional types of search for jobs, or search for workers.

Senator Carter: When the officials, counsellors and so forth, contact employers, or employers contact your department, and the wages offered are below the average, do you draw that to their attention and endeavour to do something about it?

Mr. Manion: If the wage offered is below the legal minimum we cannot, of course, accept an order. If the wage is below the level necessary to attract workers we will advise the employer that we will list his order, but our chances of filling it are rather remote.

When I was in southwestern Ontario three or four months ago the officials of the manpower centres told me that it was hopeless to attempt to fill a job paying less than \$3 per hour, as people would not take it, so we advised the employers of that.

Senator Neiman: In that connection, I noticed on your JIC boards numerous cards with regard to employment, such as waitresses, cooks, and temporary help in restaurants. There was no wage scale mentioned. Mr. Parker said that it had to be negotiated. The obvious answer is because they were trying to get the cheapest labour possible. This is exactly what you are doing. We know that most of those restaurants are playing bull with the scale. I suppose it is

better to put them up there, and perhaps someone who is desperate will take the job—

Mr. Manion: We would not have any authority to refuse in that case.

Senator Neiman: If they do not tell you what they are prepared to offer? Should this not be done?

Mr. Manion: Usually an employer says he wants to negotiate it, depending upon the experience of the individual.

Senator Neiman: Cannot you say, "You must set a minimum wage"?

Mr. Boyd: Senator, although it does not show on the card, we could probably put on the card that the minimum wage will be paid. Everyone in Ontario knows what is the minimum wage. It is \$2.40 an hour. When these people call in, they are obligated to tell us that they will pay the minimum wage. We will not refer anyone to any job which does not at least pay the minimum wage. Our clients know that any job on that board will pay at least the minimum wage. As you probably know, we do not have any enforcement power. If they go to the job, negotiate a job, and the employer says, "I will pay you the minimum wage, but you will be getting something to eat because this is a restaurant and I am therefore going to deduct 40 cents for that," if the employee has any sense, he will immediately report the incident to the Ontario Labour Relations Board and the employer will be prosecuted. This is true in most provinces.

So far as we are concerned, if the employer states that he will pay the minimum wage, that's it. So far as we are concerned any job on our board must pay the minimum wage.

Senator Carter: When a person is looking for a job, registers for a job, and says he is a carpenter, do you take his work for it that he is a carpenter? Do you require any certificate, any proof or evidence?

Mr. Manion: We would normally look at the man's work experience. If he has been working as a carpenter for 15 or 20 years, we would not ask him for proof that he is a carpenter. We might ask to see his papers, to prove he is a carpenter, or the counsellor would question him to ensure that he had what he claimed to have. For example, if an employer wanted a carpenter with a chauffeur's licence and 10 years experience, the counsellor would be expected to satisfy himself that the man had all three. But you cannot have rigid procedures for this. In a CMC, over a period of time, the counsellors get to know a lot of their clients and there is no need for any verification system. We do have some testing devices in the case of stenographers and typists, for example. We can test them in the office to determine their skills and their speed, if an employer wants a specific level.

Senator Carter: I see listed on page 12, aptitude tests and special aptitude tests concerning shorthand, typing, and so forth. You say there are specific aptitude tests. I do not see any trades tests. What do you do in the case of a young fellow who is just out of vocational school, has taken a course in plumbing or as an electrician, or even as a carpenter, and is looking for a job, but has no experience other than that which he has gained from school. Do you have any special arrangements for those people? He has not got experience. Heavy equipment operators may have

gone to a vocational school and taken the course in heavy equipment operation and done very well; according to their instructors they have passed with a very high standard. However, when they go to get a job the employer says, "I have got some pretty expensive pieces of machinery. I want somebody with experience." The man does not have experience. How does he get it?

Mr. Manion: This is the dilemma that employers and employment services find themselves in. The employer will not take people without experience, but unless they are placed they will never get the experience. If we can find experienced people, fine. If we cannot, then we try to persuade the employer to take them on, perhaps try them out on smaller equipment, or less expensive equipment. If further training is needed before they are fully usable, we can in certain circumstances help out with the training, if we cannot locate a fully skilled person for them. It is a process of negotiation and adjustment. The employer who insists on a man with ten years' experience when such a man is not available will sooner or later realize that he is not filling the job and will change his requirements quickly enough.

Senator Carter: Do you have any breakdowns by age group that your placement services have?

Mr. Manion: We have a breakdown by age group of the registered clients in the CMCs.

Senator Carter: Of the ones that are placed?

Mr. Manion: No, of the registered clients. We do not keep detailed statistics on each individual placed.

Senator Carter: What do you do for the older worker, say between 50 and 60? Have you any special arrangements?

Mr. Manion: Persuasion is about all we have at our disposal, to try to persuade employers to take them on and give them a chance. It is often very difficult to do this. Our counsellors are urged to make as much effort as they possibly can to persuade employers to take them.

Senator Carter: Do these older people qualify for retraining?

Mr. Manion: Yes. There is a question, of course, at some stage whether there is any point in it. We do have a small number of trainees over the age of 55 who take occupational training courses. They are usually short courses that give them some immediately saleable skill.

The deputy Chairman: Is there an age limit?

Mr. Manion: There is no upper age limit. There is a lower age limit. The trainee must be a year past school-leaving age to get into training. We do have an Outreach project in Montreal focussed specifically on the problems of the older worker. You will find that in the booklet we are circulating. It is a very interesting one. It involves people making a very special drive on the employment problem of older workers. If that project is successful, then there is room for doing the same thing elsewhere.

The deputy Chairman: On behalf of honourable senators, I would like to thank all of you for being with us again this morning, and for your very effective presentation.

I would advise honourable senators that the next meeting of the committee on the study of Manpower is

a week from today at 9.30 in the morning, when the subject will be job creation. For anyone who has not attended a manpower centre in their own community, I would certainly recommend that, as Mr. Manion has.

The committee adjourned.

APPENDIX "A"

MANPOWER PROGRAMS INFORMATION

FOR PRESENTATION TO

THE

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

"THE EMPLOYMENT SERVICE"

DEPARTMENT OF MANPOWER AND IMMIGRATION

FEBRUARY 1975.

THE EMPLOYMENT SERVICETABLE OF CONTENTSPage

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I. OBJECTIVES

The basic objective of the Department of Manpower and Immigration is to bring people and jobs together. We are a catalyst in the marketplace.

Our services are national in scope, available without charge to all who can benefit from them.

Individual choice is the central theme of our employment service. The individual has a choice as to the means used to find employment; the employer has a choice of channels to use in hiring workers.

We provide the framework by which Canadian workers can find challenging and rewarding employment and Canadian employers can find qualified workers to meet their industrial needs.

In the labour force there are special groups of workers, such as the chronically unemployed, the physically handicapped, young workers and other disadvantaged persons, whose welfare and lack of productivity is of major concern to society. To provide employment and counselling services for these groups is another major concern of the employment service.

This paper identifies our employment services and programs for employer and worker clients. It reveals how we attempt to meet the challenge of assisting clients with special needs and indicates our general and special services for employers.

II. GENERAL SERVICES TO MANPOWER CLIENTS

1. Placement

For workers who are ready to accept immediate referral to job opportunities, we offer "self-service" through Job Information Centres (JICs) where manpower clients can make their own decision or choice from listings of available jobs. (Details of the service can be found in the Section entitled "The CMC.")

The introduction of the Job Information Centres brought into focus a problem of many workers, who although job ready, were not able to take advantage of a self-service environment. To provide these clients with equal access to employment opportunities not otherwise available to them, the department is developing a marketing approach enabling manpower counsellors to inform potential employers of clients' skills.

Through this creative and dynamic method, workers, particularly those experiencing difficulties in finding suitable employment, are ensured that all their skills, work experience and personal traits are taken into account and highlighted in a personal interview with the employer. We expect that by increasing the Manpower counsellors' understanding of marketing concepts we will also improve the qualitative and quantitative aspects of our placement. The marketing approach will also increase the number of counsellor contacts with employers, and hopefully, through a better understanding of our facilities, lead to an increase in job orders.

Many CMCs help clients to find a job through the "Creative Job Search Techniques" (CJST) process. In two sessions of 1½ hours each, small groups of job-seeking clients are familiarized with the operations of the labour market and the constant availability of openings created by job turnover. They are helped to appraise their own capabilities and to prepare a résumé. Group counselling techniques are employed to increase the clients' self-confidence and induce a positive attitude towards seeking employment. CJST is a unique and effective self-help and creative method of finding a job.

2. The Special Job Finding and Placement Drive

The objective of the Drive is to find jobs for Unemployment Insurance Claimants, for employable welfare recipients and for selected CMC clients who seem to require special assistance (for example, young people having trouble entering the labour market, housewives returning to the labour market, and persons who have had poor employment records).

The approach used is as follows:

- after selection for the program, workers are asked to come to the CMC for an introductory interview in which a specially trained counsellor develops with the client a joint plan of action for finding a job;
- the client then embarks on a job search program, using techniques suggested by the counsellor;

- the counsellor begins a marketing campaign to try to interest prospective employers in the client (this involves telephone calls and visits);
- if the client has not found work in four weeks, he is re-interviewed by the counsellor to see why the joint efforts have been unsuccessful and to plan new efforts. The need for training or for funds to move to a new location is also considered at this point;
- further interviews are held at four-week intervals if the client continues to have difficulty.

Some 44 Canada Manpower Centres in seven metropolitan areas were initially involved in the project and in the period April 1 to December 31, 1974, 344,959 persons were asked to come to CMCs to participate in the program. A total of 216,926 actually went to the CMCs. Of this number, 30,248 were placed in employment by the CMCs, and it is estimated that an equal number found jobs on their own (as a result, in many cases, of the guidance and advice provided by the CMC counsellors). A total of 5,431 were directed to training courses, and 233 were given mobility grants.

As can be seen from the above figures, the benefits of the program to individual clients, many of whom can be classified as "very difficult to place", have been substantial.

In Winnipeg, 48% of welfare recipients were placed in jobs including two persons who had been receiving benefits for, in one case 5 years, and in other 7 years. Placement figures for welfare clients in other cities were below the Winnipeg experience but it is clear that the intensive application of resources to the problems of the individuals with a complete marketing follow through can be very successful.

The Drive has had important benefits for the UIC as well. As a result of the placement of UI claimants, and of disqualifications and disentitlements imposed by UIC in cases in which claimants did not meet their obligations under the UI Act, there is expected to be a saving to the UI Account of from \$30 to \$40 million for the full fiscal year 1974-75. This represents a return of approximately \$5 to \$7 for every dollar spent.

Following a careful evaluation of the program, Treasury Board approved, in principle, our request to extend in two phases the Special Job Finding and Placement Drive to all CMCs.

Effective April 1, this year, the Drive will be operational in 34 cities involving 84 CMCs. Assuming continuing success, all CMCs will offer this special service effective April 1, 1976. (For detailed statistical information, please see Appendix table I).

3. Canada Manpower Mobility Program

One of the most effective placement tools available to Manpower counsellors is the Canada Manpower Mobility Program. It was designed to encourage workers who are unable to obtain suitable employment in their area of residence to relocate to another area where their skills are in demand. In addition to helping these skilled people take advantage of employment opportunities outside their own locality, CMMF provides a highly flexible remedy to problems caused by regional labour shortages.

Assistance in the form of grants (not loans) is available to unemployed, underemployed or about to become unemployed workers to search for employment, accept temporary employment, or relocate to permanent employment; to travel to Canada Manpower Training Program courses, or to receive any necessary Manpower service. All grants provide for the worker's actual travel costs, allowances for meals and accommodation in transit and a daily living allowance.

Exploratory Grants assist workers in looking for employment opportunities outside their home area.

Relocation Grants enable workers to move to the nearest area where suitable employment has been obtained. Under its provisions the following allowances may be paid:

- (a) A Preliminary Examination Allowance to enable the worker's spouse or an adult dependant to examine facilities in the new locality before the relocation grant is awarded;

- (b) the actual travel costs of the worker and the worker's dependants to the new locality;
- (c) the actual cost of moving the household and personal effects or mobile home of the worker and/or the worker's dependants to the new locality;
- (d) a re-establishment allowance based on the number of dependants; and
- (e) an allowance of \$1,500 to assist the worker to purchase a home in the new locality.

Travel Grants for Temporary Employment help workers to travel to temporary employment in a locality outside the worker's area of residence.

Special Travel Grants enable persons to travel to another area to receive manpower services which are not available locally.

Trainee Travel Grants provide travel and commuting allowances to persons selected for occupational training under the Adult Occupational Training Act.

During the 1973-74 fiscal year, \$11,482,773 was expended on the Program. Relocation grants for 11,019 workers and their dependants represented an expenditure of \$8,230,966, while \$629,678 was spent on 10,341 exploratory grants.

A joint Treasury Board/Manpower Benefit-Cost analysis, completed in December 1972, indicated a very high return on program investment, with a Benefit/Cost ratio of 12: 1. The program proved most effective in improving the economic situation of the relocated workers by reducing the proportion of recipients living below the poverty line from 20 per cent before moving to four per cent one year after relocation.

Appendix Tables 2 and 3 present program activities and expenditures since the Program's introduction in the 1967-68 fiscal years.

4. COUNSELLING AND TESTING SERVICES

The growing complexity of the labour market makes it difficult for many persons to make realistic vocational choices and to adjust to or re-enter the world of work.

In addition, workers differ in aptitudes, interests, skills, and physical and intellectual capacities.

To assist these people the department offers an employment counselling/information-giving service. Counselling is a necessary first step in the proper and productive use of all our programs and services.

We provide counsellors with current and projected labour market information on local, regional and national scales. To be effective, counselling services depend directly on the skills, knowledge and experience of our counsellors.

Using information provided by clients, together with departmental testing services if required, counsellors develop with the client a meaningful and realistic plan of action. This may involve several interviews, testing, mobility grants, and vocational training or upgrading. Where necessary, counsellors may call on senior consultants or they may refer clients to Diagnostic Services, Work Assessment Training or to other community agencies.

The quality of counselling is reflected in the positive results achieved with the Canada Manpower Training Program, the Canada Manpower Mobility Program, Local Employment Assistance Program and other valuable programs.

Our counselling services are supportive in the sense of advice and information. Manpower counsellors do not impose their will on clients. There is a sharing of information; decisions affecting clients are made together between counsellor and client.

Counsellors also have access to a variety of counselling aids and tools developed by the department.

Perhaps the most significant of these is the Canadian Classification and Dictionary of Occupations (CCDO). This two volume publication, specifically designed and researched by the department to meet Canadian needs, identifies and categorizes occupations in a systematic and comprehensive arrangement. The Dictionary contains some 6,700 occupations, arranged in 23 major groups, and an alphabetic listing of approximately 14,300 occupational titles. The CCDO is an indispensable tool for clarifying employers' job orders and selecting workers to meet employers' specifications.

"Careers Canada," to be published by the department early in 1975, will be invaluable to employment and vocational counsellors. It contains information on selected occupations in key industries, current and anticipated employment opportunities, method of entry, promotional opportunities and working conditions. Apart from Manpower counsellors, many organization and public agencies interested in manpower problems, training and social work will find this information extremely useful.

Better methods of measuring the effectiveness of counselling and the counsellor's use of labour market information must still be developed.

Testing Services

One aspect of the counselling services which is increasing in importance is testing. Testing services are used where appropriate to obtain a better assessment of clients' interests, potentialities, aptitudes and skills. Clients don't "pass" or "fail" tests; their purpose is to show the client "where he is at" so that with the counsellor's help he or she can make the best possible career decision. A variety of skill tests (such as typing and stenographic tests) are used to assess a client's current level of performance in a given skill in relation to existing and potential employment opportunities.

In support of the testing services a program of test research and development is carried on by the department. To broaden the counsellors' horizon of career exploration in the counselling process, a Canadian Occupational Interest Inventory (COII) has been developed. It measures the interest of clients in terms of the model used by the Canadian Classification and Dictionary of Occupations. A Glossary of Interest Profiles has also been developed to relate individual client interest and aptitude profiles to specific occupations as described in the CCDO.

To provide the highest quality testing and counselling services in the Canada Manpower Centres, and to keep testing policies and programs in tune with latest developments, we continue to train and develop counsellors in the administration and interpretation of our

various tests. The ethical and professional standards of the Canadian Psychological Association and the Canadian Guidance and Counselling Association provide the basic guidelines for these departmental services.

The volume of testing carried out during 1974 is reflected in the following table:

TYPE OF TEST	CANADA
<hr/>	
General Aptitude Test Battery	38,271
Typing	31,189
Shorthand	10,220
Others*	27,965
TOTAL	107,645

*Other tests include Kuder Preference
Record (Interest), Non Verbal Test of
"G", Colour Discrimination and Specific
Aptitude Tests.

Diagnostic Services

Some clients require extra, special diagnostic service. We purchase this on a contract basis from private practitioners and

other agencies. The results enable counsellors to provide these acutely disadvantaged clients with a more professional and sophisticated assessment.

As of September 30, 1974, some 236 clients had been referred to diagnosticians. A significant proportion (80 per cent) of these clients were subsequently placed on a job, referred to another departmental program or another agency by our Manpower counsellors.

III. MANPOWER CLIENTS WITH SPECIAL NEEDS

Although the services of the department are available to all workers, it is apparent that even the best organized efforts leave some individuals and groups ill-equipped to enter the labour market, compete successfully in it or to function effectively in a highly complex society.

Their marginal marketable assets make it difficult for them to find their place or for Canada Manpower to find immediate jobs for them. Left unassisted, they would constitute an economic and social waste. For those unable to find even unchallenging jobs, simple survival is a chain of frustrating and unrewarding experiences.

The department has a sincere, deep concern for these people. Where regular programs and services do not meet their needs, do not help them to step into a better world, we try to help them by special

approaches, programs and services. Special Programs' Counsellors, located in strategic areas across the country, are responsible for the co-ordination, quality and delivery of these services.

The Outreach Program and our special services for Youth, Women and Native People illustrate our efforts to help clients who have special needs.

1. Outreach Program

The objective of the Outreach Program is to develop the maximum participation in the labour market of those persons who simply can't, won't, or don't know how to take advantage of the free, comprehensive service we provide. Because of its close contact with the chronic unemployed, generally the first hit by, and the last to recover from, shifts in social and employment attitudes, Outreach is a valuable program vehicle to assist this particular group.

Outreach involves the provision of either personnel resources or financial support to projects. The Program operates both within the department, through the extension of special services; and outside the department, through projects organized by outside groups, organizations or through partnerships with other levels of government.

Through the "internal resources" part of the Program efforts are made to extend and provide Manpower services and programs by assigning counselling staff to communities or neighbourhoods where

unemployment or the incidence of welfare cases is exceptionally high. Projects range from the simple extension of existing services to the development of "special manpower delivery systems" and "storefront" or community team operations.

Under "external contracts" the particular expertise of outside groups or organizations and agencies is enlisted to design and implement innovative methods through which Manpower services may be effectively extended to disadvantaged clients. Projects provide for the hiring of indigenous workers (Outreach counsellors) who receive training in Manpower programs and services and work with specified target groups.

The following are two examples of Outreach projects:

Le Coin du Travailleur

This project was established in an Ottawa neighbourhood, primarily to make Manpower services readily available to welfare recipients and unemployed residents. All project employees are long-term residents of Lower Town and well aware of the problems and frustrations of the people.

The philosophy underlying the project is that unemployment is not an isolated problem; it has roots in family, behavioral or personal problems.

Le Coin du Travailleur has set up a unit of counsellors who establish personal contact with the unemployed. Other clients are referred to counsellors through existing social agencies. When contact is first made between counsellor and client, details are taken of the applicant's job desires and his history. If there are health, family, legal, or other problems, the individual is referred to a qualified agency for help. Counsellors often recommend that certain clients enrol in departmental training programs to acquire the necessary skills or education for employment.

Clients are referred to employment opportunities sought by the project workers or obtained through the CMC. Counselling does not end once the applicant has been placed. Because their clients lack traditional job experience, counsellors do repeated follow-ups. The project also assists in the development of special government funded projects sponsored by the department.

This activity has been in operation for approximately two years. Of 900 persons contacted, 500 have obtained employment.

B.C. Association of Non-Status Indians

The objectives of the project are to extend Manpower services to non-status Indians of British Columbia so that they can achieve a higher employment rate, fill available job opportunities, be aware of existing programs and services, and obtain skills and knowledge to become employable.

Co-ordinated from our Vancouver regional office, this project is carried out at 16 points of service throughout B.C. Itinerant service is also provided to more isolated areas. Outreach counsellors are all of Indian ancestry and in most cases speak the local Indian dialect. Services to clients include employment counselling, job placement, referrals to community agencies and to departmental programs, and supportive follow-up.

The project also attempts to sensitize employers to the employment capabilities of native people and act as a liaison between employers, Indian people and CMCs. In doing so, it will assist the department in establishing programs designed to meet the special needs of people of Indian ancestry.

The project is also investigating current and planned development of the north in an attempt to ensure proper manpower planning for Native people to prepare them to share fully in the economic development of their area.

Between May 1973 and September 1974 the project had made more than 700 placements.

As of December 31, 1974, some 120 Outreach projects were in operation with an estimated expenditure of \$4,912,696 for the 1974-75 fiscal year. Details of these are provided in Appendix Table 4.

2. Youth

The department has given increasing attention to the employment problems of young workers who form 27 per cent of the labour force and nearly 50 per cent of the department's clientele.

Through Canada Manpower Centres, youth have access to placement and counselling, labour market and occupational information, and structured and self-initiated job search techniques.

Services to Secondary Students

To provide more comprehensive counselling and placement services for those who are still in school and those who drop out, discussions have been held with all provinces and territories to bring an improved standard of departmental service to the 1.9 million students in secondary schools.

Within the limits of our resources we are continuing to improve working relationships between guidance counsellors and Manpower counsellors; to assist students in locating work-experience opportunities and to evaluate and improve our services from feedback by students.

On-campus Service

The department operates 72 on-campus offices at universities and community colleges where students receive employment and occupational

counselling and placement services for part-time and full-time work. Our on-campus counsellors also assist national employers with their recruitment programs. We mail a Directory of Canadian Employers to some 15,000 Canadians studying abroad to help them in their search for employment.

Student Summer Employment and Activities Program (SSEAP)

Under this program, the department operates Canada Manpower Centres for Students each year. More than 300 CMCSs, staffed by students, placed 216,740 students in gainful employment in 1974. Most of these students worked in the private sector where 85 per cent of all summer jobs materialize.

Again in the Summer '75 program more than 300 CMCSs will operate, staffed by students seeking to assist their peers in finding suitable employment.

The Opportunities for Youth Program, transferred to the department in 1974, created jobs for 24,000 young workers.

To reflect our continuing concern about the employment problems of youth, 17 experimental projects are being launched through CMCs to explore new concepts and services tailored to meet the needs of our youthful clientele.

3. Women

The department has a major role to play in facilitating the entry and re-entry of women into the labour force.

In 1974 women comprised 38 per cent (3,961,000) of the labour force (9,175,000). The participation rate of married women has been increasing faster than any other group.

Despite a growing participation rate, women are still concentrated in a few, low-paying occupational categories. As well as reviewing current programs to ensure that they are effectively contributing to a change in this situation, we have taken steps to encourage women to enter all types of employment. We have located special regional officers to work closely with CMCs and the community so that women's changing needs and values may be recognized and taken into account in the development of new placement and counselling approaches on their behalf.

Plans are under way to have every CMC counsellor take part in a training program designed to increase their awareness of the current status of women in Canada and the most effective means of delivering Manpower programs and services to this group. Counsellors are aware of their responsibility to act on their clients' behalf by working to eliminate discrimination in employment, stereotyped attitudes and job

barriers, and to bring to the employers' attention the capabilities and skills of women, the contributions they can make, and their potential need for equal opportunity, recognition and rewards.

Amendments to training legislation in 1972 reflected our recognition of the necessity for wider measures to serve our total Canadian clientele and more specifically to meet the needs of the rapidly increasing number of women re-entering the labour force.

A significant outcome of the changes was an increase in the proportion of women in Manpower-sponsored institutional training from 25.6 per cent in 1971-72 to 35.9 per cent in 1973-74.

4. Native People

The native people of Canada have, for a considerable length of time, faced almost insurmountable problems in the employment field. Their social and cultural milieu, the state of the economy in communities adjacent to their homes and the transition required to step out into another world are among the factors contributing to their high rate of unemployment which has persisted over the years.

As with the special problems of youth and women, the department is planning specialized efforts to assist native peoples. As a start, the volume of job creation and training grants for native

people represent a proportionately higher percentage of the total departmental budget than for other segments of the population.

Our main concern now is to ensure that all our services be provided to these people so they may have full opportunity to grow and develop equally with all Canadians. An Interdepartmental Task Force on Manpower Services to Native People was created in August 1974, to determine how Manpower programs could be effective and to recommend new approaches as necessary. The Task Force is also looking into the ways and means through which our programs and those of provincial governments and other federal department, particularly the Indian and Northern Affairs Department, can complement each other to bring the greatest possible benefit to the native people.

The Presidents of the National Native Associations and the Regional Co-ordinators of the Task Force formed an Advisory Group to review the various programs of the department and the activities of the Task Force itself. Similar Advisory Committees are being established at the regional level, including the Presidents of Provincial Native Associations and representatives of CMCs that have a large native clientele. The Task Force is expected to complete its work in 18 months.

IV. GENERAL SERVICES TO EMPLOYERS

The department's attempts to help meet the employment needs of individual Canadian workers are matched by its attempts to help employers meet their manpower needs. As a labour market intermediary, or broker, Canada Manpower Centres help people to find jobs and employers to find workers by bringing the two together so that each can make informed choices and decisions.

Rather than being the exclusive agent of either the employer or the worker, the Canada Manpower Centre's role is to provide facilities through which both parties can meet and in a free choice environment carry out a "labour market transaction." The worker gets the job and the employer fills a vacancy -- both are satisfied.

Canada Manpower Centres, of course, do not take part in all labour market transactions. Private employment agencies, newspaper advertising, unions, universities and personal contacts play an important role in the functioning of the labour market. Canada Manpower Centres' share of labour market activity is, however, significant. CMCs share between one-quarter and one-third of the job vacancy market.

We require the co-operation and active support of employers to carry out our responsibility of bringing people and jobs together. We promote and encourage that co-operation by advising employers of the

services available to them from Canada Manpower Centres, by asking them to identify their manpower needs and by helping them fill their job vacancies as soon as workers are needed.

1. Employer Visiting

Canada Manpower Counsellors familiarize themselves with employers' manpower needs through personal visits to employers, their personnel directors and staff, plant superintendents, shop foremen and line supervisors -- people who are directly involved in recruiting and hiring.

A criticism sometimes raised by employers is that CMC staff do not understand their job requirements. Through planned personal visits, and with the support of employers, we hope to overcome this observed weakness which affects our ability to help employers fill their job vacancies. Similarly, through this program, we hope to establish a bridge between client aspirations and employer requirements. It is very much a part of our counsellors' responsibilities to convince employers to modify any condition which acts as a barrier to employment.

Regional and national activities consist of liaison with employers and their associations at an executive and policy-making level. Local CMC activity, for the most part, concentrates on the

employer's immediate and short-term manpower needs. Regional and national emphasis is usually on the more complex manpower needs of employers and industries, manpower policy development to meet emerging conditions, the prevention of bottlenecks in the labour market, co-ordination of national and regional activities and manpower planning.

During the 1973-74 fiscal year, 210,852 visits to employers were made by local Canada Manpower Centre staff (See Appendix Table 4). The volume and quality of the visits have a direct influence on the number of vacancies listed with CMCs.

2. Characteristics of Vacancies Reported to Canada Manpower Centres

Occupational and Wage Rate Characteristics

The characteristics of job vacancies reported to Canada Manpower Centres by employers vary according to locality, occupation, industry, availability of workers and individual employers. A departmental sample survey of job vacancies listed with CMCs in 1974 in seven metropolitan areas* revealed that:

- over 28.5 per cent of all vacancies were for clerical and related occupations. Other occupations were distributed as follows:

*Halifax, Montreal, Toronto, Hamilton, Winnipeg, Edmonton and Vancouver.

<u>Occupation</u>	<u>%</u>
Sales	6.6
Services	17.5
Product fabricating, assembling and repairing	9.7
Construction trades	8.0
Transport equipment and related	5.9
Material handling and related	8.2
Other occupations	15.6

the average weekly wage for job vacancies at the Canada Manpower Centres was \$119. This was 26 per cent below the 1973 average industrial weekly wage in Canada of \$160.

(It may be relevant that the average industrial weekly wage is for the whole country, while the average wage on jobs at CMCs relates to Canada's major metropolitan areas where wages are generally higher than the national average.)

The wage rates on job vacancies reported to CMCs in the survey are averages. It is difficult for both the employer and the CMC to fill those jobs with wages that are below the prevailing rates in the local area, even though they meet minimum wage requirements. Canada Manpower Centres do, however, receive job vacancies that are competitive in terms of wages and working conditions especially in semi-skilled, skilled, professional and managerial occupations.

Advance Notification of Job Vacancies

Another characteristic of job vacancies obtained from 1973-74 departmental operational statistics is that generally employers give little advance notice of their need for workers to Canada Manpower Centres. In 1973-74 only two per cent (on the average) of all job vacancies were notified to Canada Manpower Centres one month or more in advance of the start of the job. (Appendix Tables 6 and 7 detail the industrial distribution of job vacancies received and job placements made by Canada Manpower Centres.)

3. Why Canada Manpower Centres Don't Fill All Their Job Vacancies

Employers are free to accept or reject workers who are referred to them by Canada Manpower Centres. Conversely, workers exercise the right to accept or refuse referral to certain jobs, and may or may not accept a job offered to them by an employer.

Because of the voluntary nature of our services, and because most employers concurrently use more than two methods to fill jobs, it would be unrealistic to expect Canada Manpower Centres to fill all the job vacancies they receive. Although a cancelled job vacancy may reflect, in part, upon the efficiency or expediency of services provided by a Canada Manpower Centre, other factors must be considered.

Number of Cancelled Vacancies 1973-74

In 1973-74, Canada Manpower received 1,507,447 vacancies. The same year the Centres made 1,042,722 placements.

The number of cancelled vacancies in 1973-74 was therefore about 464,725. This raises the obvious questions:

- How many of these vacancies were actually filled, but by other means?
- How many were cancelled by the employer for other reasons?

Although there is no definitive way of knowing why these vacancies were cancelled, a 1973-74 study of seven metropolitan areas shows two primary reasons accounting for 82 per cent of all cancelled vacancies.

Vacancies Filled Through Other Means

Sixty-seven per cent of cancelled job vacancies were filled through other means. Since earlier statistics have shown that employers usually use more than two methods to fill jobs, it is reasonable to suggest that some of the vacancies reported to Canada Manpower Centres are also listed with private agencies and in newspapers and may be filled by these or other methods such as word-of-mouth, referrals by friends, relatives and other company employees, or even a sign in the window.

Sometimes, too, Manpower's own programs lead to employers hiring workers independently of the CMC's referral services. The Creative Job Search Technique, a course which helps people organize and improve efforts at getting jobs, is often given to people by CMCs and other community agencies who have been provided course material and other assistance by the CMC. CJST 'graduates' then are able to go out and find jobs on their own. They are not counted as placements; at the same time they may cause job vacancies to be cancelled.

Another 15 per cent of cancellations were attributed to the employer's change of plans. Such changes could include anything from employers deciding they didn't need new employees to financial and operational changes that affect their manpower needs, to a worker deciding not to leave a job.

Other Reasons for Vacancy Cancellation

The remaining reasons for cancelled job vacancies include possibilities such as no available clients, working conditions and wages unacceptable to workers and consequently no referrals, or employer dissatisfaction with CMC service.

V. SPECIAL SERVICES FOR EMPLOYERS

1. Manpower Planning Assistance

The need for Canadian employers to consider their manpower needs with the same scrutiny and planning they afford buildings and equipment, purchasing and capital, manufacturing and merchandising, is one of great significance in the efficient operation of the labour market.

One of the department's chief aims is to develop a greater awareness among employers of their most important resource--manpower.

Although our present activity in this area of service to employers is modest, future labour market conditions are expected to require a greater departmental involvement in encouraging employers to engage in manpower planning.

For an employer "manpower planning" is more than trying to forecast what skills will be needed at a particular point in time. "Manpower planning" also means that the employer critically examines personnel and staffing policies, removes artificial barriers that impede recruitment of otherwise qualified persons; continually reviews and improves working conditions, wages and supervisory practices; and attempts to increase the degree of worker satisfaction in particular jobs. Because of their very real effect on manpower stability or turnover, productivity and worker satisfaction, all these functions have a critical bearing on an employer's manpower needs and the over-all performance of the economy.

Canada Manpower Centres can neither compel employers to engage in any of these activities nor can Canada Manpower Centre personnel undertake this function for employers. However, we can and do encourage and persuade employers to engage in manpower planning and often provide employers with information relating to:

- the availability of specific occupational skills;

- employer participation in the planning of training requirements; and
- employer participation in the planning of recruitment programs.

CMC staff also advise employers on their wage structures, staffing practices and working conditions, and show them how they compare with prevailing practices and wage rates in the area and the Canadian labour market in general.

From the employer, CMC staff can learn on a confidential basis, of planned company changes or expansions and become aware of industrial or technological advances that will affect the skill levels and requirements of the labour market. On the basis of such information, the employer and the CMC can jointly plan and take measures to prevent any serious employment or industrial problems. In the same way, CMCs inform new employers in the area about available labour and skills and work closely with industrial commissioners in the planning of area growth. (Canada Manpower Centre Managers are often members of local Industrial Commissions.)

The encouragement and promotion of manpower planning by employers is a basic strategy and approach by the Department that contributes to a more efficiently functioning labour market and increased worker satisfaction and productivity. It involves the

changing of management attitudes towards recognizing manpower resources to be of equal importance as other factors of production. The objective is to persuade employers to include manpower planning as a logical step in the total planning process.

This type of approach must be on a broad and all-pervasive basis and is an inherent part of each and every departmental contact with employers.

The Canada Manpower Adjustment Program, discussed in the following section, has application in the overall manpower planning efforts promoted by the Department. It is one of the tools that can be applied in particular situations and involves both management and employees in the resolution and prevention of manpower problems.

2. Canada Manpower Adjustment Program

This program encourages labour and management to plan jointly, in advance, any integral or company manpower adjustments due to technological or industrial changes. Regulations amended in 1974 placed as much emphasis on the prevention as on the cure of manpower dislocations. The objective is to ensure a smooth transition to new work situations for both workers and employers.

The basic Principles of the Adjustment Program:

- research and advance planning to assess manpower implications of impending changes and to determine what private and public adjustment measures are possible;

- joint consultation between labour and management to allow workers, through their chosen representatives, to take part in developing the adjustment plans affecting them;
- co-ordination of private and public adjustment measures to ensure that the full range of government manpower programs are available to complement private measures developed by the parties.

Management, labour, and the department entered into 154 agreements in 1973-74. Some 260,000 workers were affected as a result of adjustment measures agreed upon by all parties. The federal contribution amounted to \$821,574.

Financial Incentives

Under a Manpower Assessment Incentive Agreement an employer can receive up to one-half the cost of assessing manpower effects of industrial changes and of the development, but not implementation, of private plans for manpower adjustment. Where union exist, the management and union must be joint signatories to the agreement, but it is not mandatory for the union to share in the cost.

Under the mobility provision, displaced workers may be moved by the employer, province, or both, with federal financial assistance of up to 50 per cent from one plant location to another of the same

employer anywhere in Canada. The movement of workers to employment with other firms, arranged by the employer, is also covered by this provision.

Greater flexibility in the two types of agreements now allows up to 100 per cent of costs to be paid by the Crown in special cases.

Examples of Program Application

The closure in November 1973 of the Evans Products Ltd., Vancouver, plywood plant is typical of the many success stories of the Canada Manpower Consultative Service.

On notification by the union of an expected shutdown, Manpower Consultative Service officers contacted the company, and together with the union, developed a manpower assessment incentive agreement to determine what might be done to provide the workers with suitable alternative employment. Two weeks after the closure date, through intensive placement efforts by the joint committee, most of the 250 workers had new jobs, some had transferred to other company locations and the rest were on skill training courses sponsored by this department. None had claimed unemployment insurance. The cost of the committee's work was only \$2,876, half of which was paid by the federal government under the agreement.

Typical of expressions of appreciation by employers is the following from the president of C.A. Cayouette Ltée et A. St.-Germain et Fils Inc.:

"The St. Hyacinthe OMC, which was very cooperative, accepted the Committee's suggestion and provided management courses. This action has enabled us to view the future with optimism as, had it not been for these involvements, we would probably have been forced to close our plant and release a hundred workers. Moreover, we are the principal suppliers to another establishment whose shareholders are in common ownership with ours, and closure would have jeopardized their operations causing a further loss of 200 jobs."

3. Federal Public Service Recruitment

Since 1970, the Department of Manpower and Immigration has been authorized by the Public Service Commission to recruit workers in all areas of Canada in the Operational and Administrative Support

Categories for federal departments that have delegated hiring authority. The Public Service Commission retains responsibility for staffing the Administrative Support Category in the National Capital Region.

When filling positions in these categories by open competition, departments with delegated authority must list their requirements with the local Canada Manpower Centres. All action, up to and including the referral of clients to the requesting department, is carried out by the Canada Manpower Centre. Clients are referred according to their occupational competence. Between the fiscal years 1969 and 1974, Canada Manpower Centres placed some 216,000 persons in the Operational and Administrative Support Categories of various federal departments.

Canada Manpower Centres also recruit for non-career-oriented employment of student summer-term staff in the Public Service, and assist the country's Post Offices by recruiting temporary staff for the Christmas rush.

Statistics for 1973-74 illustrate the department's responsiveness in meeting the manpower needs of the hiring departments and those workers who registered for Public Service employment at Canada Manpower Centres.

Hiring departments notified the Canada Manpower Centres of 67,530 vacancies in the Operational and Administrative Support Categories -- of that number over 87 per cent or 59,225 job vacancies were filled;

145,092 people registered for Public Service employment at Canada Manpower Centres -- of these 131,660 were referred to various federal government departments and 59,225 or about 45 per cent obtained employment.

4. Agricultural Program

The farm labour force of almost 500,000 people is composed of paid farm workers, unpaid family workers and self-employed operators. The hired portion numbers about 100,000.

The purpose of the Canada Agricultural Program is to facilitate the operation of the agricultural labour market through the worker referral, placement and training services of Canada Manpower Centres, supplemented by the temporary movement of Canadian and the controlled movement of foreign workers during high seasonal demand period.

Agricultural employment has been characterized by seasonality, long hours and low wages. The industry, except in Newfoundland, is not subject to provincial minimum wage legislation; there is an urgent need

for employment standards legislation and for minimum standards respecting the provision of housing for seasonal farm workers.

Traditionally, the Federal-Provincial Agricultural Agreements and the Seasonal Workers Program have been the main vehicles for meeting the manpower needs of the industry. In 1974, two new highly effective programs were introduced: the Agriculture for Young Canadians Program and the Canada Farm Labour Pool Program. Although these programs are proving effective, improvements are being pursued until farm employment becomes a more attractive option for job seekers in Canada's highly competitive labour market.

Federal-Provincial Agricultural Manpower Agreements

Under the agreements, the Department of Manpower and Immigration shares equally with the provinces:

- the costs of advertising and other promotional expenditures incurred in recruiting agricultural manpower;
- the transportation costs for moving Canadian workers from supply areas to high-demand areas;
- the costs to farmers for constructing or improving housing for seasonal workers;

- the salaries and expenses of staff appointed by a province to assist Canada Manpower Centres in recruiting workers and trainees for employment on farms;
- research expenses and other costs.

Seasonal Worker Movements

In response to seasonal agricultural manpower needs, when Canadian workers are not available, foreign workers are admitted to Canada for specific periods of time under our approved programs. Since 1967 the federal government has approved the admission of seasonal agricultural workers from Jamaica, Barbados and Trinidad-Tobago (Caribbean Seasonal Workers Program.)

Canada and Mexico signed a Memorandum of Agreement in 1974 to ensure that the traditional annual influx of agricultural workers from Mexico is organized and that the workers are protected. Its terms and conditions are essentially the same as those of the Caribbean Seasonal Workers Program. Wage guarantees, housing standards, transportation costs, medical arrangements and other working conditions are included in a contract between the worker and the employer, establishing the rights and obligations of both parties.

In 1973-74, some 3,800 Caribbean workers (more than twice as many as in the previous year) and 200 Mexican workers were temporarily employed in agriculture in Canada.

Agriculture for Young Canadians

A new initiative in 1974 was the Agriculture for Young Canadians Program. Administered under the Federal-Provincial Agricultural Manpower Agreements, the federal government contributes up to \$50,000 to each participating province to assist in the establishment and operation of programs to attract young Canadians, primarily students, to agricultural work during the summer vacation period and to possible future careers in agriculture. Four provinces participated in the program in 1974. Close to 7,000 students were attracted to agricultural employment.

Canada Farm Labour Pool Program

The Canada Farm Labour Pool system was established in 1974, on a pilot basis, to help both farm employer and worker meet manpower and employment needs at the local level. The program was designed and organized with the co-operation of the provinces and with the active support of the agricultural industry and individuals from local agricultural communities.

Local Agricultural Manpower Boards are set up to act in an advisory capacity to Canada Farm Labour Pools. They establish guidelines for the wage rates, working conditions and accommodation for workers hired through Canada Farm Labour Pools. They also identify agricultural manpower needs, training needs and training facilities required by employers and workers.

The 35 Canada Farm Labour Pools are strategically located in all provinces except Newfoundland. The Pool Manager, under contract to the Minister of Manpower and Immigration, identifies demand for farm workers, registers, refers and counsels workers, acts as the employer's agent for the payment of wages, and identifies and arranges for worker orientation, training, accommodation and transportation. The pools are closely linked to the Canada Manpower Centre system.

The Canada Farm Labour Pools placed 16,826 workers in 1974 (see Appendix Table 8). This activity is over and above the placements made by Canada Manpower Centres in the agricultural industry. Canada Manpower Centre placements in agriculture have not declined since the establishment of Canada Farm Labour Pools, but, in fact, have increased.

VI. LOOKING AHEAD

Since its inception in 1966 the department has made significant strides in improving the quality of its national employment service. During the last decade the country experienced sharp rises in population and the labour force and an unprecedented rate of technological change.

In this period we developed the Canadian Classification and Dictionary of Occupations, we improved our labour market information capabilities, and introduced a new, more comprehensive manpower training program. In 1966 very little was known about labour mobility. Today, we have one of the most generous and advanced mobility programs in the industrialized world.

There were other achievements: we extended our services to groups with special needs -- youth, women, the native peoples -- and through Outreach, our programs have been brought directly to those people who were unable to take advantage of services available through CMCs.

Notwithstanding our efforts and achievements, there is still much to be done to strengthen the employment service.

We must extend the Special Placement Drive to include all clients needing our help. Our mobility program must be broadened to make it an even more effective labour market adjustment tool, capable of responding more quickly to labour market imbalances.

We must concentrate extra efforts on developing a more effective counselling service. Youth and their place in the labour market will remain our continuing concern and will require more resources.

Outreach, one of our most exciting and promising programs will require additional resources to fulfill its potential.

We should study all possible sources of job orders to help CMCs direct their placement efforts where they can do the most good; our inter-area recruitment system (clearance) needs strengthening to provide employers with greater access to workers and to further increase exposure of our clients to job openings.

The resolution of these problems is vital to the welfare of the nation and its citizens. Thus our role is to work vigorously toward their resolution and to give strong leadership. By doing this, we will contribute significantly and effectively to the proper development and optimum utilization of our human resources.

A P P E N D I XTABLES 1 TO 8

TABLE 1SPECIAL JOB FINDING AND PLACEMENT DRIVE

	April 1, 1974 to December 31, 1974
1. Number of UIC Claimants Directed	215,434
2. Number of UIC Claimants Reporting	127,287
3. Number of CMC Selected Clients	129,525
4. In-Depth Interviews of UIC Claimants	83,586
5. In-Depth Interviews of CMC Clients	89,639
6. Total Referrals	138,397
7. Total Placements	30,248
8. Placement as % of Referrals	22%
9. Referrals to Training	5,431
10. Referrals to Mobility (Exploratory and Relocation Grants Authorized)	233

DEPARTMENT OF MANPOWER AND IMMIGRATION
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CANADA MANPOWER MOBILITY PROGRAM - STATISTICS

TABLE 2

PROGRAMME DE MOBILITE DE LA MAIN-D'OEUVRE DU CANADA - STATISTIQUES

	EXPLORATORY GRANTS SUBVENTIONS DE PROSPECTION		RELOCATION GRANTS SUBVENTIONS DE DEPLACEMENT		SPECIAL TRAVEL GRANTS SUBVENTIONS SPECIALE DE VOYAGE		TEMPORARY EMPLOYMENT EMPLOI TEMPORAIRE		TRAINEE TRAVEL GRANTS SUBVENTION DE VOYAGE DES STAGIAIRES		TOTAL ALL GRANTS SUBVENTIONS TOTALE	
	No. Nbre	Cost \$ Coût en \$	No. Nbre	Cost \$ Coût en \$	No. Nbre	Cost \$ Coût en \$	No. Nbre	Cost \$ Coût en \$	No. Nbre	Cost \$ Coût en \$	No. Nbre	Cost \$ Coût en \$
TRANSPORTATION AT PUBLIC EXPENSE TRANSPORT AUX FRAIS DE L'ETAT 1 April 1959 to 27 Dec. 1965 du 1er avril 1959 au 27 dec 1965											84	94,172
INITIAL MOBILITY PROGRAM PROGRAMME INITIAL DE MOBILITE 28 Dec. 1965 to 31 March 1967 28 dec. 1965 au 31 mars 1967											1,2671 1,4812	359,309 930,132
PRESENT MOBILITY PROGRAM PROGRAMME DE MOBILITE ACTUEL												
1967-68	4,438	118,672	5,757	2,588,856			18,352	351,569			28,547	3,059,097
1968-69	6,351	224,833	6,591	3,448,477			31,787	573,782			44,729	4,247,092
1969-70	7,784	338,116	7,460	4,778,290			34,595	793,013			49,839	5,929,419
1970-71	7,370	328,062	6,382	4,199,849			71,094	2,691,409			84,846	7,219,320
1971-72	7,784	373,962	9,026	5,283,606			57,468	3,036,319			74,278	8,693,887
1972-73	10,725	614,160	10,653	8,297,466			50,296	2,688,358			71,674	11,599,984
1973-74	10,456	629,678	11,019	8,230,966			52,743	2,622,129			74,218	11,482,773
1974-75 (Estimated)	12,900	700,000	12,300	8,200,000	1,500	100,000	3,000	200,000			31,700	12,040,000

⁴Introduced May 1, 1974
En vigueur depuis le 1er mai 1974

³Introduced August 1, 1973
En vigueur depuis le 1er août 1973

¹Loans
Prêts

²Grants
Subventions

DEPARTMENT OF MANPOWER AND IMMIGRATION,
FEBRUARY 1975

TABLE 3
CANADA MANPOWER MOBILITY PROGRAM - STATISTICS
PROGRAMME DE MOBILITE DE LA MAIN-D'OEUVRE DU CANADA - STATISTIQUES

1973 - 1974

REGION	EXPLORATORY GRANTS SUBVENTIONS DE PROSPECTION		RELOCATION GRANTS SUBVENTIONS DE DEPLACEMENT		SPECIAL TRAVEL GRANTS SUBVENTIONS SPECIALE DE VOYAGE		TRAINEE TRAVEL GRANTS SUBVENTIONS DE VOYAGE DES STAGIAIRES		TOTAL ALL GRANTS SUBVENTIONS TOTALES	
	NO. NBRE	COST COUT EN \$	NO. NBRE	COST COUT EN \$	NO. NBRE	COST COUT EN \$	NO. NBRE	COST COUT EN \$	NO. NBRE	COST COUT EN \$
ATLANTIC	1,968	113,124	2,297	1,343,535	57	2,145	13,538	712,720	17,890	2,171,524
QUEBEC	4,731	314,684	4,876	3,178,258	23	563	11,290	471,932	20,920	3,965,437
ONTARIO	2,857	139,633	2,409	1,815,265	24	775	10,322	669,580	15,612	2,625,253
PRAIRIE	379	26,482	795	1,045,181	5	245	10,362	431,183	11,541	1,503,091
PACIFIC	406	31,721	642	848,727	6	306	7,201	336,714	8,255	1,217,468
CANADA	10,341	625,644	11,019	8,230,966	115	4,034	52,743	2,622,129	74,218	11,482,773

DEPARTMENT OF MANPOWER AND IMMIGRATION
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TABLE 4OUTREACH PROJECTS 1974/75

TARGET GROUP	NO. OF PROJECTS	NO. OF JOBS	AMOUNT CONTRACTED \$
Women	12	57	564,691
Unemployed Urban Poor Welfare Recipients	15	73	783,191
Natives	28	102	1,218,718
Handicapped	14	64	621,793
Youth	19	72	641,427
Inmates and Ex-Inmates	14	51	444,658
Isolated Communities	8	27	247,985
Miscellaneous	10	40	390,233
Totals	120	486	4,912,696

DEPARTMENT OF MANPOWER AND IMMIGRATION
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TABLE 5VISITS MADE TO EMPLOYERS AND EMPLOYER ORGANIZATIONS BY STAFF OFCANADA MANPOWER CENTRES1973 - 74

INDUSTRY	NUMBER OF VISITS	%
Agriculture	6,421	3.1
Forestry	3,002	1.4
Fishing, Trapping, Mines, Quarries and Oil Wells	2,605	1.2
Manufacturing	39,629	18.8
Construction	16,594	7.9
Transport, Communications and Other Utilities	9,874	4.6
Trade	62,933	29.8
Finance, Insurance and Real Estate	11,196	5.3
Community, Business and Personal Services	43,759	20.8
Public Administration and Defense	7,593	3.6
Industry Unspecified or Undefined	814	0.4
Other Organizations	6,422	3.1
CANADA TOTAL	210,852	100.0

SOURCE: MAN 737

DEPARTMENT OF MANPOWER AND IMMIGRATION
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TABLE 6INDUSTRIAL DISTRIBUTION OF JOB VACANCIES NOTIFIED TOCANADA MANPOWER CENTRES1973-74

INDUSTRY	%
Agriculture	4.8
Forestry	1.7
Fishing, Trapping, Mines, Quarries and Oil Wells	1.6
Manufacturing	24.4
Construction	8.2
Transportation, Communication and Other Utilities	6.1
Trade	15.4
Finance, Insurance and Real Estate	2.3
Community, Business and Personal Service	25.8
Public Administration and Defense	9.5
Unspecified	0.2
ALL INDUSTRIES	100.0

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TABLE 7INDUSTRIAL DISTRIBUTION OF JOB PLACEMENTS BYCANADA MANPOWER CENTRES1973-74

INDUSTRY	REGULAR PLACEMENTS	%
Agriculture	55,445	5.2
Forestry	16,011	1.5
Fishing, Trapping, Mines, Quarries and Oil Wells	18,129	1.7
Manufacturing	257,711	24.7
Construction	89,203	8.6
Transportation, Communication and Other Utilities	71,684	6.9
Trade	142,513	13.7
Finance, Insurance and Real Estate	18,670	1.8
Community, Business and Personal Service	246,553	23.6
Public Administration and Defense	125,837	12.1
Unspecified	1,966	0.2
ALL INDUSTRIES	1,042,722	100.0

DEPARTMENT OF MANPOWER AND IMMIGRATION
FEBRUARY, 1975

TABLE 8CANADA FARM LABOUR POOLSOPERATIONAL STATISTICS BYPROVINCE1973-74

PROVINCE	VACANCIES NOTIFIED	WORK REGISTRATION	WORK REFERRALS	PLACEMENTS
Prince Edward Island	1,081	2,092	1,475	1,039
Nova Scotia	642	1,348	974	484
New Brunswick	413	240	185	91
Quebec	117	164	88	64
Ontario	16,067	14,539	14,166	10,936
Manitoba	2,819	2,251	2,756	1,478
Saskatchewan	557	680	537	351
Alberta	2,794	3,310	3,356	1,991
British Columbia	506	550	552	392
TOTAL	24,996	25,174	24,089	16,826

DEPARTMENT OF MANPOWER AND IMMIGRATION
FEBRUARY, 1975

APPENDIX "B"

OUTREACH PROGRAM

SPECIAL PROGRAMS BRANCH

Summary of Job Placements

Made by External Outreach Projects

F.Y. 1973-74

	Permanent Placements	Temporary Placements
Atlantic	1,412	301
Quebec	803	18,560
Ontario	1,410	—
Prairie	2,207	538
Pacific	1,326	187
TOTALS	7,158	19,586

Total - Temporary & Permanent placements - 26,744

Prepared by:
Program Management Unit
Special Programs Branch
September, 1974

OUTREACH PROGRAM

SPECIAL PROGRAMS BRANCH

Summary of Job Placements

Made by External Outreach Projects

April-September 1974

	<u>Permanent Placements</u>		<u>Temporary Placements</u>		<u>Government Funded Job Creation</u>
	<u>Through CMC</u>	<u>Through Employer</u>	<u>Through CMC</u>	<u>Through Employer</u>	
Atlantic	92	1,528	129	793	13
Quebec	—	2,419	—	13,255	100
Ontario	85	1,554	17	298	31
Prairie	122	1,159	17	265	15
Pacific	<u>143</u>	<u>1,728</u>	<u>18</u>	<u>490</u>	<u>10</u>
TOTALS	442	8,388	181	15,101	169

Total Placements: 24,281

Prepared by:
 Program Management Unit
 Special Programs Branch
 January, 1975

APPENDIX "C"

Manpower Assessment Incentive AgreementsBy Fiscal Year

Fiscal Year	Number of Agreements	Agreements Covering Technological Change	Agreements Covering Closure	Agreements Covering Partial Closure	* Agreements Covering Other Problems
1964-65	2	2	-	-	-
1965-66	9	7	2	-	-
1966-67	9	6	1	1	1
1967-68	14	2	8	3	1
1968-69	26	4	13	7	2
1969-70	35	6	18	7	4
1970-71	88	25	35	26	2
1971-72	117	25	54	36	2
1972-73	101	26	56	15	4
1973-74	132	36	44	15	37
TOTALS	533	139	231	110	53

* These include such problems as absenteeism, high turnover, low productivity, plant expansion and plant relocation.

Manpower and Immigration
February - 1975

SUMMARY OF INCENTIVE AGREEMENTS
(ASSESSMENT AND MOBILITY)
BY FISCAL YEAR

<u>FISCAL YEAR</u>	<u>ATLANTIC</u>	<u>QUEBEC</u>	<u>ONTARIO</u>	<u>PRAIRIE</u>	<u>PACIFIC</u>	<u>TOTAL</u>
1964-65	-	-	1	-	1	2
1965-66	3	4	1	1	-	9
1966-67	-	6	2	1	3	12
1967-68	-	16	5	-	-	21
1968-69	2	28	5	-	1	36
1969-70	3	29	11	-	3	46
1970-71	18	43	41	6	12	120
1971-72	15	55	62	9	11	152
1972-73	18	49	54	16	18	155
1973-74	19	50	56	15	14	154
1974-75 (to Jan. 31 1975)	16	52	54	7	26	155
TOTALS	94	332	292	55	89	862

APPENDIX "D"

TABLE 1

AGRICULTURAL MANPOWER PROGRAMS

PLACEMENTS BY CANADA MANPOWER CENTRES

<u>Year</u>	<u>Total</u>	<u>Atlantic</u>	<u>Quebec</u>	<u>Ontario</u>	<u>Prairie</u>	<u>Pacific</u>
1969	67,095	6,033	13,703	21,346	6,140	19,873
1970	66,306	4,600	11,514	20,642	5,004	24,546
1971	67,585	2,610	10,667	24,568	4,862	24,878
1972	78,421	2,419	13,448	24,399	9,972	28,183
1973	72,800	2,388	12,228	29,024	5,129	24,031
1974	75,031	1,534	18,408	24,979	3,509	26,601

CARIBBEAN SEASONAL WORKERS PROGRAM

<u>Year</u>	<u>Participating Canadian Employers</u>	<u>Total Workers</u>	<u>Workers by Country of Origin</u>	<u>Trinidad & Tobago</u>	<u>Barbados</u>
1969	156	1449	747	376	326
1970	135	1279	645	327	307
1971	118	1271	640	348	283
1972	187	1529	774	407	348
1973	379	3048	1473	825	750
1974	504	5342	2954	1296	1092

EUROPEAN STUDENT TOBACCO WORKERS (ONTARIO)

<u>Supplying Country</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
U.K.	85	150	150	150	266	319
Belgium	340	340	150	150	350	350
France	253	250	150	150	250	294
Austria	75	57	75	75	36	19
West Germany	50	75	75	75	110	150
Netherlands	-	75	75	75	150	200
TOTAL	803	947	675	675	1,162	1,332

AGRICULTURAL MANPOWER PROGRAMS
INTERNATIONAL YOUTH EMPLOYMENT EXCHANGES

TABLE 11

<u>Year</u>	<u>European</u>	<u>Japanese</u>
1969	235	15
1970	385	15
1971	420	15
1972	357	10
1973	375	5
1974	376	5

UNITED STATES-CANADA FARM WORKER MOVEMENTS

United States Tobacco Specialists Entering Ontario

<u>Year</u>	<u>Total Workers</u>	<u>Curers</u>	<u>Primers</u>	<u>Tiers</u>
1969	914	376	519	19
1970	546	269	268	9
1971	377	192	172	13
1972	223	102	116	5
1973	120	63	55	2
1974	350	incl.	incl.	incl.

Canadian Workers to the Maine Potato Harvest

<u>Year</u>	<u>Total Workers</u>	<u>From Quebec</u>	<u>From New Brunswick</u>
1969	1462	1035	427
1970	1127	810	317
1971	862	646	216
1972	499	394	105
1973	420	334	86
1974	329	250	79

TABLE III

CFLP Recruitment ServicesApril 1 - December 31, 1974

Province	Employers' Vacancies	Worker Registrations	Worker Referrals	Placements	Operational CFLPs
British Columbia	506	550	552	392	3
Alberta	2,794	3,310	3,356	1,991	6
Saskatchewan	557	680	537	351	2
Manitoba	2,819	2,251	2,756	1,478	4
Ontario	16,067	14,539	14,166	10,936	12
Québec	117	164	88	64	3
Nova Scotia	642	1,348	974	484	2
New Brunswick	413	240	185	91	2
Prince Edward Island	1,081	2,092	1,475	1,039	1
TOTAL	24,996	25,174	24,089	16,826	35

Mexican Seasonal Agricultural Workers Program

Year	Total Workers	Workers by Province of Employment			
		Ontario	Alberta	Manitoba	Québec
1974	195	147	32	9	7

TABLE IV

TABLE IV.

CANADA MANPOWER TRAINING PROGRAM

Agricultural Courses on Fiscal Year Basis - April 1 to March 31

Summary

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
Types of Courses Offered	35	86	130	177	166	223
Places Purchased	4,586	10,360	14,809	20,157	21,570	20,036
Total Training Days	211,524	364,287	468,260	820,328	597,352	465,127
Estimated Purchased Cost to Canada (\$'000)	1,147	2,338	3,600	5,138	4,446	5,290
Estimated Allowance Cost to Canada (\$'000)	1,963	3,088	4,417	6,280	6,571	4,328
Estimated Total Cost to Canada (\$'000)	3,110	5,426	8,017	11,418	11,017	9,618

SOURCE: MANPOWER TRAINING BRANCH

APPENDIX "E"

CMC STAFF

1.

NO. OF COUNSELLORS AND MANPOWER COUNSELLOR
ASSISTANTS HIRED ANNUALLY

	<u>COUNSELLORS</u>	<u>MANPOWER COUNSELLOR ASSISTANTS</u>
1970-71	Additions to staff not reported	
1971-72	309	6
1972-73	248	16
1973-74	289	157

2. In December 1974, there were 3,986 Counsellors and Manpower Counsellor Assistants. They represented 57.9% of the total Manpower staff.

APPENDIX "F"

Distribution of Weekly Wages
for Clients Placed*

Weekly Wage Rate	Clients Placed
	%
Under \$80	2
\$80-100	36
\$101-125	30
\$126-150	17
\$151-175	6
\$176-200	4
Over \$200	5
Total	100
Average Weekly Wage	\$ 122

* Based upon a sample of 860 client records (701's) going to dormant file because of placement . The sample is from the seven metros involved in the Special Job Finding and Placement Drive.

Distribution of Weekly Wages
On Job Orders*

Weekly Wage Rate	Filled Job Orders going to dormant file because of placement
	%
Under \$80	5
\$80-100	38
\$101-125	26
\$126-150	14
\$151-175	7
\$176-200	6
Over \$200	4
TOTAL	100
Average Weekly Wage	\$120

* Based upon a sample of 15,113 job orders from the seven metros involved in the Special Job Finding and Placement Drive.

APPENDIX "G"

USE OF CMCS BY POST-SECONDARY STUDENTS

1972-73	ATLANTIC	QUEBEC	ONTARIO	PRAIRIE	PACIFIC	CANADA
Student Enrolment	30648	134417	81578	83574	27280	357497
On-Campus Registration	11106	32452	46525	23970	10598	124651
Job Orders	2107	9398	9838	3988	2018	27349
Vacancies Notified	4877	15122	15766	7700	5613	49078
Placements (Full & Part-time)	3757	11720	9509	6837	4525	36348

REGION	STUDENT % OF TOTAL REGISTRATIONS
ATLANTIC	3%
QUEBEC	3%
ONTARIO	3%
PRAIRIE	4%
PACIFIC	2%
CANADA	3%

These statistics are based on the number of registrations by students in the CMCS on the campuses of post-secondary institutions. (This includes universities, junior colleges and technical schools). There are no figures available on the number of University graduates as a percentage of total registrants. The number of post-secondary students who use our regular CMCS is not known.



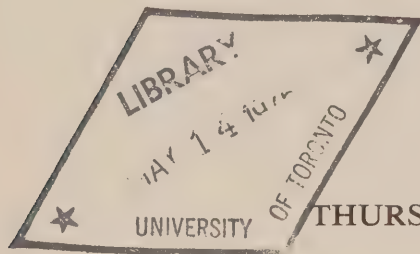
FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW, *Deputy Chairman*



Issue No. 7

THURSDAY, MARCH 6, 1975

Fourth Proceedings on
the examination of the Estimates of the Manpower Division
of the Department of Manpower and Immigration for the
fiscal year ending the 31st March, 1975.

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Lois de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)



Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, March 6, 1975.
(4)

Pursuant to adjournment and notice of the Standing Senate Committee on National Finance met this day at 9.30 a.m.

Present: The Honourable Senators Sparrow, Deputy Chairman, (*Acting Chairman*), Benidickson, Carter, Croll, Graham, Grosart, Hicks, Neiman, Robichaud and Yuzyk. (10)

In attendance: Mr. H. J. M. Cocks, Director of Research and Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Center.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses, representing Manpower Division of the Department of Manpower and Immigration, were heard:

Mr. J. L. Manion,
Senior Assistant Deputy Minister, (Manpower);

Mr. P. C. Mackie,
Director General,
Job Creation Branch;

Doctor P. B. Fay,
Director General,
Strategic Planning and Evaluation Group;

Miss Lynn Taylor, Director,
Local Employment Assistance Program (LEAP).

Present but not heard by the Committee: Mr. L. E. St. Laurent, U.I.C. Policy Planning; Mr. D. Toupin, Manpower Client Services; Mr. Ivo Krupka, Director, Community Employment Strategy Office; Mr. J. R. Westell, Chief, Secretariat, J. C.B.; Mr. S. F. Wilson, Policy Officer; Miss Louise Robert, Acting Director, OEY; Mr. Derek Haslegrave, Director, Finance and Administration, Job Creation Branch; Mr. Hallan Johnston, Director, Local Initiatives Program; Mr. Alam Gratias, Chief, Policy Planning; Mr. Phil Fay, Director-General, Strategic Planning and Evaluation; Mr. David Zirnholt, Staff, Office of Director-General, Job Creation Branch; Mr. Dan Doctor, Special Assistant to the Senior Assistant Deputy Minister; Mr. Jean-Paul Lefebvre, Director of Manpower, Training Branch; Mr. Gaston Guenette, Policy Analyst, Special Programs Director; Miss Edna Dashney, Information Service,

Training Consultant; Mrs. Eileen Lang, Manpower Training Branch; Mr. Vital Ducharme, Special Assistant, Manpower Training Branch; Miss Kay Thomson, Special Assistant, Manpower Coordination Branch; Mr. H. Barry Lind, Chief, Standards Division, Manpower Coordination Branch.

The brief prepared by the Manpower Division of the Department of Manpower and Immigration on "*Job Creation*" has been ordered to be printed as Appendix "A" to these proceedings.

At 12.00 Noon the Committee adjourned until Wednesday, March 12, 1975, at 9.30 a.m.

ATTEST:

Georges A. Coderre,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, March 6, 1975.

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Herbert O. Sparrow (*Deputy Chairman*) in the Chair.

The Deputy Chairman: Honourable senators, we are very pleased to have back with us this morning the Department of Manpower officials to continue our study on manpower programs throughout Canada. Most of you were here before. On my right is Mr. Manion, who is the Senior Assistant Deputy Minister of Manpower. On his right is Mr. P. C. Mackie, Director General of the Job Creation Branch. Dr. P. B. Fay is Director General of Strategic Planning and Evaluation Group.

As usual, we will have a statement by Mr. Manion and Mr. Mackie. I would ask Mr. Manion to introduce us to all the members of his staff of the Manpower Division who are here this morning. We would like to know their names, of course, but particularly we would like to know the positions they hold with the department, for our interest. It might give us an opportunity for questioning them in areas that we might otherwise miss. With those few words, I would ask Mr. Manion to make a few remarks.

Mr. J. L. Manion, Senior Assistant Deputy Minister (Manpower), Department of Manpower and Immigration: Honourable senators, the committee has been the base of our operations in the Canada Manpower Centres and the employment service. This week and next we will get into two of our major program areas: job creation and training—job creation being perhaps the least traditional and the most unusual program that we operate. We think it is highly innovative. We believe we have only just begun to explore the possibilities of this program. I would like to ask Mr. P. C. Mackie, who operates the program, to speak briefly to you before the questioning begins, and he will introduce the staff, most of whom are his officers.

Mr. P. C. Mackie, Director General, Job Creation Branch, Department of Manpower and Immigration: Honourable senators, you have met Dr. Fay. Then there is Mr. Dan Doctor, who is in Mr. Manion's office; Mr. David Zirnelt, who is in my office and who has helped in the preparation of this material; Mr. Alan Gratias, who is Chairman of the Entrepreneurial Task Force that deals with the entrepreneurial component of LIP; Mr. Hallam Johnston, who is the Director of the Local Initiatives Programs; Ms. Lynn Taylor, who is the Director of the Local Employment Assistance Program; Mr. Derek Haslegrave, who is Director of Finance and Administration in the Job Creation Branch; Ms. Louise Robert, who is the

Acting Director of Opportunities for Youth; Mr. Steven Wilson, who works in my office; Mr. John Westell, who works in our Parliamentary Returns; Mr. Ivo Krupka, who is the Director of the Community Employment Strategy Office. The next gentlemen I believe you have met. He is Mr. D. Toupin, Director General of the Client Services Branch. I am not sure who is next to him.

On the other side we have Mr. Guenette from Special Programs; Mrs. Edna Dashney from Information Services; Mrs. Lang from the Training Branch, Mr. Ducharme from the Training Branch; Ms. Kay Thompson from Manpower Coordination; and Barry Lind from Manpower Coordination.

The Deputy Chairman: Thank you, Mr. Mackie.

Senator Robichaud: Are all these people stationed in Ottawa?

Mr. Mackie: Yes.

Senator Desruisseaux: Would you give the name of the person on the end?

Mr. Mackie: Mr. Larry St. Laurent.

The Deputy Chairman: Please proceed, Mr. Mackie.

Mr. Mackie: Honourable senators, it is a real opportunity for us to present our views to you this morning. We appreciate this opportunity. It has allowed us to spend some time taking a look at our programs, and the exercise in preparation for this meeting this morning, and for all the meetings, has been very valuable to us.

In brief, the Job Creation Programs are Opportunities for Youth, OFY, which is a summer student employment program based on young peoples', students', making applications to government, and these are approved and result in projects; the Local Initiatives Program, LIP is a program of seasonal employment directed towards people who are unemployed during the peak unemployment periods of the year; and LEAP, the Local Employment Assistance Program, a long-term program directed towards the disadvantaged unemployed. It is not an application program as are the LIP and OFY programs. It is a program in which our officers take leadership in giving direction, identifying target groups and developing projects which meet particular needs.

In this very brief presentation, I do not propose to quote a lot of statistics. These are available in the material which has been provided to you or which will be provided based on your questions.

I propose to touch briefly on three main areas. First, what we have learned about how programs are being used in communities; secondly, what we have learned about administering these programs; and thirdly, what we have learned about some of the people who are unemployed.

To begin with, I would like to repeat some of the words of our minister, Mr. Andras, at the opening hearing. He said:

I believe that Canadians want to work, to seek fulfilment and self-sufficiency through work. Recent research in my department, which will be published soon, bears this out.

Our work gives us a feeling of pride, self respect, and of attachment, of being part of the mainstream—as well as income.

Mr. Andras also said:

It is most important to me that we increase the opportunities of more Canadians, workers with names and families, to participate and contribute to the life of Canada, while giving them a full range of options to up-grade their lives to standards they set for themselves.

Finally he said:

As long as I have responsibility for this portfolio, my goal is to enhance, to encourage, to promote individual *self-sufficiency*—to provide opportunities for individuals to up-grade their own abilities to contribute to society and *earn* greater rewards from it.

The programs of the Job Creation Branch, Opportunities for Youth, LIP, and the Local Employment Assistance Program are consistent with these views. Each program, at different periods of the year and for different groups, attempts to help the unemployed to achieve fulfilment and self-sufficiency through work, to increase opportunities for Canadians to participate in and contribute to their communities.

These programs do not in any sense reduce the responsibility of the basic economic structures to provide jobs and opportunities for Canadians. Nor do these programs substitute for the major tools of economic policy, taxes, fiscal and monetary policy.

What they most certainly do is add to the fine-tuning capacity of government, to be applied where overall policy may not meet specific situations. They also allow for considerable experimentation, participation by people with government in solving their own employment problems; and, most importantly, they provide opportunities to develop the ability to analyze, plan, implement and evaluate service and entrepreneurial activities to people in their own communities.

My first point: what have we learned about how programs are being used in communities? The most important thing we have learned is that project sponsors, employees and community members do not see themselves as part of an employment-generating activity. They see themselves as working on an activity of benefit to their community and in jobs where they have some say over their own employment. These two factors, we have found, are the most important ones in bringing people, who may have been on welfare or in institutions for years, back into productive employment.

The jobs must be seen to be worthwhile by members of the community, no matter how menial they may be, and the employee must participate, no matter how minimally, in decisions on the job that affects him.

How are programs used? Well, a list is an inadequate way of describing the programs. I would like to mention one or two projects in each area briefly.

The Opportunities For Youth Program has been in operation now since 1971; each year we run a number of camps for children. After one summer's operation, we received a letter from a mother who said how pleased she was her son had participated in this camp, that he had played games, had gone swimming with the other children, had engaged in craft activities, and it had been a marvellous thing for him. At the end of her letter, she said "The only thing different about my son is that he, like all the other children at the camp, is cerebral palsied."

The point I am making is that young people in this country, through the support of projects and through their involvement and organization in them, have been provided with a very significant number of services. Of course, many of the projects of Opportunities For Youth are not related to recreation for youth at all. A number dealing with research have been funded. To give you a couple of examples, there was a major project in Newfoundland that reviewed the problems of seagulls and the drinking water basins for many small communities. The result of their research, I believe, was an effective mechanism for keeping the water in some of those pools clear.

Last summer we had a project that did research on the effects of the Pembina River diversion in North Dakota and its possible effects on parts of Southern Manitoba.

These and many other activities—of information, of service, of recreation—are part of Opportunities For Youth.

The Local Initiatives Program also has a wide variety of projects. Over the past four years we have had approximately 15,000 projects in this program. Again it would be impossible to characterize them fully. They include repairs to wharfs in many of the coastal communities, the improvement of buildings and community halls which provide a basis for ongoing activities in communities, service projects, including the development and manufacture of talking books for the blind, and the small but developmental entrepreneurial program that we have included over the last two years in the Local Initiatives Program.

The objective of the entrepreneurial program is to create ongoing projects, permanent projects that are viable in their own right. In this sense, probably a good example is the plane and board mill developed in Newfoundland, where, instead of the community producing only rough cut lumber, they are now in a position to produce finished lumber for the local market and thus enhance their own income considerably.

The Local Employment Assistance Program is, in my view, one of the most important programs that we operate. It is focussed on the special needs of particular clients. It is focussed on the problems of people who are unable to seek and maintain permanent employment in the labour market for a wide variety of reasons. In some cases it is community isolation; in other cases it is because of particular problems that they have—physical, emotional or personal problems.

The LEAP program, now operating about 125 to 150 projects, again covers a very wide variety of activities. I would like to mention two to you briefly. One is the recycling workshop in downtown Toronto. This project not only recycles industrial waste, particularly lumber, but also has the capacity to recycle people, who, again, for a variety of reasons are not able to be placed through the Canada Manpower Centre offices. The result of this project is that over the past year it has developed and sold a considerable amount of handmade wooden furniture,

using reclaimed lumber, particularly from the harbour area.

Another LEAP project is the Spence Bay Co-op in the Northwest Territories. This was developed as a result of an interest by a woman in that area in using natural dyes to dye wool. The result is that the Spence Bay Co-op now produces for sale throughout Canada parkas, dresses, wall hangings, and any number of smaller items that are rapidly being consumed; as quickly as they can be shipped to the south they are being sold, and the community has a potential income generation of somewhere over \$200,000 a year. This is net profit into the community.

You will see, then, from the range of activities in which we are engaged in each of the program areas, that we do have differing objectives, we do have differing operational stances, and we do deal with different target groups.

Now for my second point. What have we learned about administering these programs? They have continued to be modified, following evaluation each year. With regard to the Local Initiatives Program in particular, we have learned that it can be implemented quickly and easily, and concentrated in areas of highest need. It can be used by both highly experienced, large municipalities, and by relatively unsophisticated groups of unemployed. LIP can be operated for a limited six-month period, and be ended when the unemployment rates drop. Last year it was phased out over June and July with no difficulty.

Projects which are likely to create a continuing demand for funds on another department or level of government are not accepted unless there is a commitment in advance to provide such support. Extensive consultation in advance with provinces and with other departments of the federal government establishes whether or not such support is available. Over the years we have reduced the maximum size of LIP projects from \$500,000 to \$200,000, and now to \$75,000 per project. This eliminates many of the large construction projects, which in our view and in the experience of our evaluation would have been carried out anyway, thus ensuring that the dollars spent are creating additional jobs and not simply funding activities that would have been covered by local taxes.

For both LIP and OFY we have developed a far more rational fund allocation mechanism based on unemployment and population, allowing concentration of jobs in areas of highest need. For both programs we have developed, with members of Parliament, community consultative mechanisms which make the recommendations to the minister based on the value of the project to the community and its relationship to the employment it creates.

For the entrepreneurial components of LIP and LEAP we have learned to use, extensively, the services and programs of other departments. I speak particularly of the CASE program of Industry, Trade and Commerce, the Counseling Assistance to Small Enterprises program, and of course the programs of DREE, Indian and Northern Affairs, et cetera. What we have learned most of all is that there is much to be done in communities. There are many, many jobs that need to be done and people who want to do them.

My final point is: what have we learned about the unemployed? In all programs we have learned that there are skills, that there are abilities, that there are desires and ideas, and that people do want to work and want to contribute. In many cases we find people working extra hours, hours over and above what they would normally be paid

for, in order to achieve the objective of their project. We have discovered that Canadians do respond to requests and to these kinds of programs. During the last two years, in the LIP program and in Opportunities for Youth we have done almost no advertising, only an announcement, yet we have been inundated with applications from people who, in effect, want to provide programs, services and activities of benefit to their community.

The programs respond to community changes, and to changes in the needs of the unemployed. Probably most important, the programs provide an opportunity for the people who are employed in them to develop the skills which will help them adapt to future changes—the skills of management, the skills of control, the skills of direction.

Certainly some people have found that LIP and OFY is not an answer for them, that the short term stop-start nature of these programs is not what they need to deal with their communities, and therefore have not made application in latter years for such programs. At the same time, many have learned to deal with the large bureaucracies that affect them; they have learned to deal with the political mechanisms that affect them as well.

Finally, these programs are additional micro-level tools, useful in so far as they go in providing additional opportunities for the unemployed Canadians to seek fulfilment and self-sufficiency through work. They do not solve all the problems. The Elizabethan Poor Laws, when they were enacted, went a long way in keeping people from starving to death, yet today we look back and shudder at their crudity. Job creation programs to date go a long way in providing the unemployed with opportunities to contribute to the economic and social lives of their communities, but the programs remain only in their infancy of development.

I welcome your comments and, with my colleagues, will try to answer your questions.

Senator Graham: First of all, with your indulgence, Mr. Chairman, I would like to say that I visited several Manpower Centres in industrial Cape Breton, and while Mr. Manion is here I would like to congratulate the department, not only on the presentations they have made but on some of the new facilities they have. I am thinking particularly of the office in Glace Bay, which is new and very modern. Senator Neiman would be very pleased to know that the new manager in Glace Bay is a lady. I am sure she would be unhappy, as Senator Croll would be, to know that the unemployment rate in that area is 20 per cent plus.

While you are here I would urge you and the department to take a very hard look at some of the facilities in other areas of that part of the country. I detect a very serious shortage of space in the Sydney office. I think you could actually double that space in order to present the 1975 version of a manpower office, and the same applies to several of the other suboffices in that area.

Having said that, I want to say that in that part of the country, in my opinion, you have a very dedicated staff. Both Mr. Stewart and Mr. Leblanc in your regional office do an excellent job and are most cooperative, as are the people in the various offices.

What kind of dialogue or liaison do you have, Mr. Mackie, with the provinces and/or with the municipalities in deciding on priorities?

Mr. Mackie: I assume you are speaking of the Local Initiatives Program in particular, senator?

Senator Graham: Yes.

Mr. Mackie: In advance of program announcements, senator, there is consultation with the provinces which contributes to our allocation process, advises the provinces of the program in question, and seeks from them their direction as to which projects they feel should be given priority.

This particularly relates to those projects which they would not be prepared to support should they create a continuing demand, largely service projects, often day care centres, sheltered workshops, and the like.

During the approval process two things occur. First of all, projects are all referred to the provinces for their comments. There is no absolute veto by any means, but we seek the advice of the provinces in relation to those types of projects which, in their view, meet their priorities. In addition, at the local level, wherever possible, there is consultation with officials—not so often at the municipal level, unless it directly relates to a project which would require municipal funding or municipal licence, but certainly with organizations that might be affected by the operation of the project.

The information resulting from such consultation becomes part of that which is considered when the constituency advisory group reviews projects and ultimately when the minister makes his decision.

Senator Graham: One of the criticisms I have heard in respect of municipalities has been that some municipalities in the country tend to use LIP grants to provide the kind of services or improvements, be it painting a school or installing a sewage line, that otherwise would have been looked after in a joint program between the municipality and the province. Do you have that difficulty?

Mr. Mackie: That has been a concern, senator, but I think we have eliminated it, largely on the basis of two primary steps, the first being to reduce the size of the project so that it becomes less and less of use to the municipalities to apply for a \$75,000 grant for a project, given the administrative constraints. They have to set up separate books and keep track of the funds in a manner that is acceptable to us.

Secondly, we have eliminated the use of subcontractors. We have discovered that where municipalities and other organizations use subcontractors we were largely paying for jobs that would have existed in any case. Contrary to the experience with a number of public employment programs in the United States, or our earlier winter works programs which Mr. Manion may want to comment on, in the LIP program we have eliminated that, or at least reduced it to an absolute minimum. In respect of some projects it is necessary to cover a portion of the salaries of supervisory staff, and we are prepared to do so. It is usually a very small number—perhaps one or two people in a project employing 20 people.

Senator Hicks: Otherwise, the supervisory staff, you would expect, would be provided by the municipality concerned?

Mr. Mackie: Yes. You may remember that the amount of money going to municipalities has diminished from the first year, the reason being that they are now competing with everyone else. The recommendations made to the minister are based on what the local constituency advisory group assumes to be community needs.

Senator Hicks: Can you give us an example as to why you would not always require the supervisory staff to come from the municipality concerned? What circumstances would induce you to pay for some or all of the costs in respect of supervisory staff?

Mr. Mackie: Many of the municipal projects are in small communities that totally depend upon one level of support or another from the provincial government. In those instances we are prepared to pay the costs of additional persons. Such municipalities do not have the staff nor the technical capacity. Just in the area surrounding Ottawa, an example would be municipalities in the Gatineau area where you may have a community of three or four hundred people with a project employing 10 to 15 people working this winter on local community activities. Such municipalities simply do not have the staff.

Senator Graham: You mentioned that there was no shortage of applications. I think we are all quite aware of that. One of the problems might be that you are not getting into some of the areas to touch the people who are perhaps in greatest need, but who are not aware of the programs. Do you consider that you have an adequate budget for promotion?

Mr. Mackie: This is an area in which we have very grave concern, senator. We have several problems in that respect. Because the programs are of a short term nature, our central or core staff, or permanent staff, is very small by comparison to the number of people needed to operate the programs. We have had a number of people working for us now in the LIP program for three or four years, but they remain term and are re-appointed regularly. In addition, we made a very special effort over the last year to make personal contacts in those areas, but I would not at all like to suggest that we have been adequately successful.

An additional problem is that while a variety of people can make application, it does take a degree of sophistication, and while our staff have participated in the development of projects and have helped people fill out the application forms, we do, to a very large extent in the term programs—not in LEAP; in LEAP we do have the opportunity to go into the community and work with people—depend upon a wide range of organizations and groups, including provincial governments and their agencies, such groups as the Company of Young Canadians, university extension programs, to assist groups in doing this. So, it is not just getting information to them. It is often a process, in effect, of community development in helping people to complete the applications and then also to manage the projects.

Senator Graham: On page 3 of this document which we received you mention, in talking about Opportunities For Youth, that the 1970 student unemployment rate of 17 per cent was double the 1969 figure. Presumably you do projections on this each year. I am wondering what your projection is for 1975.

Mr. Manion: I am sorry, senator, but we do not release any projections with respect to unemployment figures. That is government policy. We do projections, and we do them as well as we can. It is not policy to release any of the projections.

Senator Graham: Are these projections, Mr. Manion, done within your department or are you depending upon some other department, such as Statistics Canada?

Mr. Manion: The basic work is done within our own department, senator, but we work closely with the other agencies. We use the CANDIDE model that is used by the Economic Council of Canada and other departments. We work closely with the Department of Finance and Statistics Canada. While we cannot release the projections, I can say that they are very professionally done and have been very accurate in respect of student summer activities. We are dealing with a somewhat more easily identifiable group of people, of course, and we do know what the labour force is going to be each summer. It is relatively easy to predict. We have been able to get a somewhat better picture in respect of student unemployment than with the general unemployment situation.

Senator Graham: Do you anticipate that this is going to be one of the worst summers on record in respect of student unemployment?

Mr. Manion: I would not want to venture a forecast, senator.

Senator Graham: I do.

Mr. Manion: I certainly would not want to disagree with you, senator.

Senator Hicks: But you would if you found it necessary.

Senator Graham: For instance, when the LIP program was started, one of the reasons given was that the unemployment rate in the country at that particular time was 6 per cent plus. The present unemployment rate is 8.4 per cent. If you started an OFY program partly on the basis of projected unemployment student rate of 17 per cent, then I would anticipate that the year 1975 is going to be in excess of 17 per cent. Now, I would like you to relate that to the amount of funds that you have had available in the past two years, for instance, and what you anticipate for 1975?

Mr. Manion: For the summer of 1975 we will be spending approximately \$66 million on the students' employment activities. The question of whether this will be sufficient is under constant review. The program is usually announced early in January, following which literally on a month-to-month basis from then until the programs begin, we do review the data and will return to the government to seek additional funds if we consider that the situation has deteriorated from our earlier forecast.

I do not wish to leave the impression, senator, that we are not greatly concerned about the present level of unemployment, much less that forecast. We are pressing all the departments at the federal and provincial levels to do as much as they can in an attempt to meet the situation.

Senator Graham: One of my concerns is, apart from the projected high unemployment rate, for instance in a province such as mine, Nova Scotia, the fact that what we might call a safety valve which has been used in the past, whereby students from Nova Scotia could travel from Nova Scotia to other parts of the country where jobs would be available, is either going to be closed completely, or at least partly, this coming summer. As a result of all that I would hope that contingency plans would be available in order to provide increased funds for areas of high unemployment.

Mr. Manion: Senator, we are very concerned about it. Fortunately, the conditions in the West seem to be relatively more buoyant and are likely to be more so than the rest of the country.

In 1975 we are introducing one innovation. We are twinning manpower centres in the Atlantic provinces and in the West, in an attempt to facilitate the type of movement to which you refer. Rather than having large-scale distribution of lists of jobs and names of workers, we will put individual manpower centres in touch one with another and see if we can do something a bit more at the level of the individual student.

Of course, we now have the authority to assist students in moving to jobs in other parts of the country if they cannot obtain employment locally. This is a tool we did not have in past years and we expect to use it substantially during 1975.

The Deputy Chairman: Are you suggesting that there may be a surplus of job openings in the West?

Mr. Manion: Last year there was a very tight labour situation in Western Canada and prospects are that the situation there will be better than some other parts of the country. In fact, even with high unemployment, we do expect to see some considerable regional variations. Some very large projects are planned, which will be going forward in different parts of the country, including the Maritimes, incidentally. We will do our best to move Canadian workers, including students, to those opportunities.

Senator Graham: With reference to page 12, where you state:

When the total income of OFY participants and their families was compared to Canadians—

And so on, how do you determine family income among participants?

Mr. Mackie: It is a questionnaire process, subject of course, to all the limitations of such a survey. However, that is the basis upon which it is established.

Senator Graham: But applicants are not asked about it?

Mr. Mackie: No, this is the survey after they have become involved in the project.

Senator Graham: Have you compared the programs such LIP and OFY to programs, if they do in fact exist, in other countries? If so, what kind of comparison have you been able to come up with?

Mr. Manion: In recent years we have been very interested in endeavouring to discover what other countries are doing in the manpower field. There is virtually nothing comparable to LIP and OFY in other countries, except those programs which have begun, based on the Canadian example. Mr. Mackie can tell you of the great interest other countries have had in this.

We have delegations from countries around the world coming to visit us almost every month. From time to time we hear that Australia, New Zealand or Britain is planning something along these lines. There is great interest in the United States in the job creation model and some of the learned writers in the United States are beginning to suggest that this may be something that they should try. However, the LIP and OFY programs are genuine "Made in Canada" efforts, for good or for bad.

Senator Graham: On page 23 of your presentation, under the heading "Strengths" and so on, at the top is stated:

Even those applications which were not approved were valuable in that they articulated demands and needs for various kinds of services in the community.

I wonder what kind of follow-up there would be in this regard which would be of value, either by your or some other department, or would you depend upon the provincial government or a municipality in the particular area to follow up what you have called the articulation of a problem and to see that problem is resolved?

Mr. Mackie: Senator, two things occur. We do discuss the projects, even those rejected, with provincial governments, if they are interested, of course, and with other federal departments. However, in addition, we have discovered that as people have learned to deal with manpower and Local Initiatives and their local member of Parliament, they expand their capacity to seek funds and support elsewhere. In a sense the program has been accused of creating a demand. Our point is that it has not created a demand, but allowed people to articulate what they desire to do in any case. Again, it has demonstrated in my view the ability of so many people to do so.

So that, rather than simply being critical of it for placing a demand on other levels of government, in my opinion it should be lauded for helping people to articulate their needs, which are not by any means limited to the services area. In my opinion the area in which one might wish to see development is the small entrepreneur activity that has particular merit over the long haul.

Senator Grosart: I would like to ask Mr. Mackie first of all about the dimensions of the coverage of the total problem, which is somewhat allied to Senator Graham's question. I am sure you have measured the dimensions of the total problem. What percentage of it are you covering in the three programs? To put it another way, what percentage of the total need area are you not covering?

Mr. Mackie: Well senator, the best way to illustrate it is that the Local Initiatives Program that has been established reduces unemployment by .3 per cent for every \$100 million spent. Now, it depends very much on what target is aimed at in terms of the level of unemployment. I would not suggest it could do the whole job, by any means, but up to a point it could be useful. I suspect that if it became too large its benefits would be dissipated. So that the question we have considered is from another point of view, not what is left, but how much can we do with how much money?

The LEAP, Local Employment Assistance Program which, as I said, in my opinion has the greatest potential for its long-term application to the really disadvantaged people, who need it most, is very definitely a developmental and experimental program. We have not established the parameters of its usefulness. In a sense, I suspect it can best be used in conjunction with, as it evolves, other programs such as training and economic development. It provides an opportunity for the so-called disadvantaged to participate in broader economic development. In my opinion its greatest use remains that of a demonstration or developmental project. I would certainly like to see it increased in size to provide a broader basis for its operation. However, to say it is the best tool available to meet all the needs would be foolish. Part of the point with the LEAP program, also, is that it has demonstrated to a number of other federal departments and provincial departments approaches which they can and are now beginning to apply. This ranges from the Solicitor Gener-

al's Department, who are engaged in a variety of kinds of rehabilitation projects with prisoners, to proposals by one of the Prairie provinces of a small entrepreneurial development activity which is very similar to the LEAP approach, to programs in other provinces of a very similar nature for particular target groups. So that rather than say this program is meeting all the needs, I will say its greatest use, in the area where we will be placing the greatest emphasis over the next year, will be on how it can be applied by a variety of groups, organizations and levels of government in meeting the needs of that particular target group.

Mr. Manion: If I may add to that answer, both the LIP and OFY programs are capable of application on a very small geographical basis. While \$100 million in LIP funds can reduce unemployment by .3 per cent, the fact is that it is not applied like a coat of paint across the country. Very large amounts are spent in some areas with particular unemployment problems. For example, this past winter there have been very severe conditions in Newfoundland and a substantial portion of the funds available were spent there. So the impact would be considerably more than the average there. In areas where the labour market is tight, we would spend the absolute minimal amount. So you do have, within the total impact, quite a varied regional impact. We have people here who can perhaps provide more specific information, if you want to zero in on that.

Senator Grosart: I would like a guess at the percentage of the total problem that you feel you are meeting. You must have tried to measure the dimensions of the total problem before you selected the areas in which you have become involved. Could you take a shot at it? It is of great importance to this committee to say what if left, where nothing is being done in each of the three areas.

Mr. Mackie: The best way to measure that, if I may, is to look at the unemployment rate in a given area, the labour market area perhaps, and say what would be necessary in that area. It is difficult to necessarily add those up across the country and say that a larger Local Initiatives Program would have a direct impact, because, of course, the nature of the unemployment in each area is different and one would want to apply different tools in solving it. Perhaps Dr. Fay can answer that.

Dr. P. B. Fay, Director General, Strategic Planning and Evaluation Group, Department of Manpower and Immigration: Mr. Chairman, I think that this question of the actual determination of unemployment is essentially a political one. As Mr. Mackie says, given a certain amount of money you can reduce the unemployment, but I think that is all you can really say. The true magnitude is something that really cannot be determined.

Mr. Manion: Perhaps I can give you an illustration of this, senator. We do know that the money spent on the various student summer programs have reduced unemployment by a measurable amount. In other words, we can say that without these programs, our estimated unemployment in 1974 would have been such and such. With these programs it was reduced to this level. I do not have the figures off the top of my head, but I believe that without the programs last summer, student unemployment would have been about 13 per cent; and with them it was reduced to about 8 per cent.

Senator Hicks: My question relates to the same paragraph that Senator Graham referred to, at the top of page 23:

Even those applications which were not approved were valuable in that they articulated demands and needs for various kinds of services in the community. This articulation is refreshing in an era of apparent alienation and apathy.

What Senator Grosart then asked is what proportion of the need are you serving by this? May I put it another way: what proportion of LIP application, as a rough estimate, are successful? Is it one out of two or one out of 10?

Mr. Mackie: It ranges from approximately one in five to one in two, depending on the area; but the average would be about one to 3.5, as I recall.

Senator Grosart: I come back to my original point. Did I understand you to say that \$100 million spent would reduce unemployment by .3 per cent?

Mr. Manion: That is right.

Senator Grosart: So you are spending on this program about half your total budget, are you not?

Mr. Manion: At the present time we are spending about \$100 million on LIP, approximately \$30 million on OFY, and about \$12 million on LEAP; so it would be about \$140 million to \$145 million.

Senator Grosart: Is that the totality of your job creation program?

Mr. Manion: Yes. The LIP budget has been as high as \$240 million, I believe.

Senator Neiman: Mr. Chairman, I was wondering if the department is satisfied that these job creation programs, specifically LIP and OFY, provide jobs for our students who otherwise would be unemployed that summer? We frequently get complaints in tight labour markets that students are being offered these jobs through the courtesy of the government, "but we cannot get anyone in our area to work for us." I am wondering how valid is that criticism.

Mr. Manion: I think this was a criticism that gave the department great concern when it first assumed responsibility for OFY. There had been a tendency not to disburse the funds in accordance with the distribution of unemployment. I think there was a rationale for this. Last year we very definitely tried to relate the distribution of funds to distribution of unemployment, and restrict the number of projects in tight labour market areas so that we would not have that kind of criticism.

Having said that, there is no doubt that some of the people who work on OFY projects could get jobs. One of the key factors in getting a job is initiative. The ones who apply for OFY projects often have a great deal of initiative and ingenuity; but if they do not take the other summer jobs, then we can place other summer students in them. The value of the program is that it does expand the stock of summer jobs available for us to exploit for students. In many places, OFY projects are launched where there are just no other summer jobs—none at all. In those areas they are of tremendous assistance.

Mr. Mackie: Perhaps I might just emphasize, Mr. Chairman, that the allocation of funds goes to areas where there are fewest jobs. We use a mechanism that involves population, unemployment rates, and an index based on the type of jobs that students would otherwise take—that in effect allows us to allocate the funds in the areas where there are fewest other opportunities.

Senator Neiman: Jobs they would take or jobs available?

Mr. Mackie: Where jobs are available. If there are jobs available, the student job availability index allows us to allocate funds to areas where there are not jobs available.

Senator Croll: What you are saying, in effect, is that you are on top of the OFY project, and you are on top of the LIP project pretty well. I know what goes on. When it is discussed privately in caucus by the members, they do not speak too badly of you, you are in good shape—and they do not speak too badly of you. What you are saying—I am not privately employed; my time for that is past, as you know—from the reply you gave Senator Grosart and Senator Graham, you spoke of unemployment in the 8 per cent area. We assume that 4 per cent is considered to be full employment, although that is doubtful. The application of funds in the proper place can bring our unemployment down to almost 4 per cent—if not that, to 6 per cent. That is what you are saying, in effect.

Mr. Manion: That is right. You can get as much job creation, as much impact, as you are prepared to pay for.

Senator Croll: Exactly; so it now depends entirely upon what funds we want to apply to bring unemployment down to some reasonable level. Is that right?

Mr. Manion: Yes.

Senator Grosart: Concerning your program relating to the disadvantaged, would you give us the main categories of the disadvantaged unemployed that you are serving, and roughly the percentage of each in your total program?

Mr. Mackie: I think I can find some figures on that. Basically, the Local Employment Assistance Program deals with people who are disadvantaged in the sense that either they are unable to get and maintain jobs in their own area or they are in an area of isolation where there are no economic activities going on. May I ask the Director of the Local Employment Assistance Program, Ms. Lynn Taylor, to describe the categories?

Ms. L. Taylor, Director, Local Employment Assistance Program, Department of Manpower and Immigration: Mr. Chairman, I can categorize the total number of projects that we have operated since the program began and the numbers of projects in each of those categories. Would that partially answer the question?

Senator Grosart: I am interested particularly in the types of disadvantages, particularly physical disadvantages and mental disadvantages, not so much mere lack of employment opportunities, which is a regional problem.

Mr. Manion: We can try to get some information for you, but I should say that this is an area where the statistics are not easy to come by, even statistics on people receiving public assistance, social assistance. The provinces tend to use different definitions for their case load, and they are also shying away from categorization in recent years. They used to define them as employable and unemployable, handicapped and not handicapped, but they find that these definitions do not mean anything any more, because some of the most handicapped people turn out to be the most employable, some of the most skilled people on social assistance turn out to be unemployed the longest. Therefore, there is a trend away from categorization, and statistics are really very difficult to come by.

Unlike the Americans, we do not in our special programs for the disadvantaged specify or define categories. We say that the programs are aimed at those people who, for whatever reason, have continuing and special difficulty getting and keeping a job. It could be a 42-year old former executive who is put out in the cold, or it could be a native, a young person, an old person, or somebody who has some personality hang-ups. We try not to pigeonhole them. As a result, the statistics are not as good as they should be. We do have some, though, and we would be glad to put them together and provide them to the committee.

On page 38 of the paper in front of you this morning you will see the distribution of LEAP projects by target group in 1974. We do not pretend that this distribution reflects the total distribution of disadvantaged people, but you will see 38 per cent were welfare recipients, urban rural poor, 17 per cent were handicapped, 15 per cent were natives, 10 per cent were inmates and ex-inmates, 9 per cent were youth and so on.

Senator Grosart: You used the word "handicapped" as one component of the disadvantaged. These are the people I am particularly interested in. What are the handicaps?

Mr. Manion: The vocational rehabilitation program for disabled persons defines handicapped as people who are physically or mentally handicapped, an identifiable or mental handicap.

Senator Grosart: Do you include in that the handicap or the disadvantage of a welfare recipient who is on welfare because, let us say, she is a deserted mother with several children?

Mr. Manion: We would consider such a person as one of our special needs clients, but that person would not be considered handicapped in that sense. A handicap would be an identifiable physical or mental handicap.

Senator Neiman: Referring to the chart in this paper, in what way would there be a category of women or youth that would not fall into, say, the handicapped area or one of the others? What comes under that category of social problems that does not necessarily fall into one of the others?

Mr. Manion: I would be glad to answer but I wonder if it might be worth while to have Ms. Lynn Taylor speak to this, because she is the director of this program.

Ms. Taylor: When we specifically state that a LEAP project is a women's project or a youth project, it means that it has been specifically developed, designed and implemented by that particular group, by a women's institute or a women's association, or by a youth group, so that it is not only employing that particular group of individuals but actually has been evolved and implemented by them.

Senator Neiman: In the youth category, for instance, are you talking of youth who have dropped out of school at a very early age and have a very poor level of education, or are you talking of one-parent families? Why would they not in any case just form part of the other groups if they are part of an on-going program?

Ms. Taylor: They could. It is difficult to categorize people who have no employment options, in that often they could be part of one or more groups. If it is a woman who is on welfare and she is a native person, then it becomes a matter of trying to define which particular group she

would fall into. It could be one of the three. What we have done in breaking down the projects is try to identify them, as to which particular factor seems to have emphasis in that case.

Mr. Manion: I think you would find women in all of the categories.

Senator Neiman: I understand that.

Mr. Manion: The 3.5 per cent in the women's category would be projects solely for women, just as the 9.4 per cent projects for youth would be solely for youth, although you would find handicapped youth and native youth in these other projects as well.

Senator Grosart: Is that not contrary to what Ms. Taylor has just said?

Ms. Taylor: No.

Senator Grosart: You just said that they were categorized as women programs because they were organized by women, not necessarily for women.

Mr. Manion: By women and for women.

Ms. Taylor: They are evolved by women, planned by women, implemented by women and they are for women. If there happened to be some men among the women participants in one of those projects, there is not an exclusion, but they are essentially women projects.

Senator Neiman: It wounds as though there are women who are non-use, non-native, non-handicapped, with no social problems.

Mr. Mackie: If I may, in every one of our programs it is very difficult to try to identify the characteristics. What we have attempted to do is give them to you by a classification that seems to make some sense. You are quite right; we could cross-index them a dozen different ways for each of the programs.

Ms. Taylor: We have a project in Regina which involves native women who are on welfare, single parents, and in respect of that program it becomes a question of how we want to identify that project.

Senator Hicks: And how do you identify that one.

Ms. Taylor: This particular one is identified as a native project.

Senator Hicks: It is not shown as a women's project?

Ms. Taylor: No, but it could. It is just a matter of where we feel should be the emphasis.

Senator Grosart: The main problem here is in your heading "Target Groups." This is not really a classification by target group. My final question relates to another group of disadvantaged, those whose job skills are too low to find them a job in the marketplace. You have a very thorough ongoing program, which, I am sure, you are going to develop further, to upgrade the skills of such individuals.

Apart from the training aspect, which is not what we are discussing today, are you working to create jobs for people to meet their skills as opposed to being too concerned with upgrading their skills?

Mr. Manion: That is a very difficult question, senator. We do, of course, try to use the private sector jobs before

we create new ones. Our first effort is to utilize the jobs in the community by matching up employer needs with the needs of the workers. Generally speaking, the people who graduate from our training programs graduate to private sector jobs. Our job creation programs tend to aim at the people who do not have readily marketable skills. It becomes very difficult for us, for example, to get into job creation for the laid-off forest worker who may have been making \$8.50 an hour. There is just no way we could find the funds to create a job for him at his former level of pay.

The way in which we attempt to tackle that problem would be to work with Industry, Trade and Commerce and the forestry branches to try to improve the health of that particular industry. Other aspects of our employment programs do exactly that. The manpower consultative service, for example, works with the employer and the union in an effort to find employment placement for the laid-off worker at a reasonable level of pay. However, we would not attempt to tackle that under the LIP program or any other job creation program.

Senator Grosart: In view of this anomaly of vacant jobs and job seekers not being able to be matched by the marketplace, how great a dimension of unemployment would you regard this factor? That is very important question today. The whole emphasis of all your programs is to match the jobless to jobs.

Mr. Manion: It is a factor, senator. I think the volume of job vacancies which the job vacancy survey has identified in the last several years is really an indication that we have not done enough training soon enough. It is not enough to start training after the job vacancy emerges. You should try to forecast such vacancies and get the worker into a training program a year or a year and a half prior to the actual vacancy.

What we should be doing right now is training people for the economic upturn that is going to come, perhaps, in nine, ten, twelve, fifteen months, rather than waiting until then and finding that we have serious shortages and that we either cannot fill them at all while people are unemployed or we have to go to offshore labour.

Senator Croll: The question is, why don't you do it?

Mr. Manion: It is a question of getting the right amount of money, senator, at the right time.

Senator Grosart: And public policy, of course.

Mr. Manion: Yes.

Senator Grosart: In this connection, is there not a great deal we can learn from Sweden?

Mr. Manion: It is not my function to comment on public policy, senator. Sweden has probably the ideal approach to occupational training in the sense that they have an open-ended financing system. There are some aspects of it, I suppose, that are not transplantable to Canada, but I would certainly welcome something a little better than the system we now have.

Senator Desruisseaux: Have any estimates been made as to what it would cost to further this program to the point at which you would like to see it?

Mr. Manion: Yes, we do have estimates. There are two means of estimating the training needs. They are separate, but we bring them together and integrate them. One is an economic model with which we try to forecast the demand

for labour on a very detailed occupational and industry basis. It is quite sophisticated. It has only recently begun to be used, but we are very pleased with it. It is a tool we did not have in other years.

A second method is through our federal-provincial manpower needs committees, where we get very detailed assessments of the trained labour requirements of individual industries and small areas. That is a continuing process. The data is piled up, and results in forecasts of training needs for the following year and several years thereafter. We bring these together, make an estimate of what we require, and go to Treasury Board to seek the funds. At the present time, we are short of the level of training we need. I do not believe I should give the precise figure. I would have to consult with the minister before releasing that figure, but we are, to some considerable extent, below the level that we think necessary to produce skilled people who are going to be needed in this country over the next several years.

Senator Robichaud: Coming back to the problem of specialized categories of handicapped people, in the Ottawa Valley area alone there are 150 people who require to be placed on dialysis machines three times a week, usually Mondays, Wednesdays and, often, Sundays. Other than that, they have no handicap. How does manpower handle such cases? These people can work three days a week only. Each dialysis treatment takes ten hours and they usually go three times a week.

Mr. Manion: Manpower has no program in respect of those people at all, senator. Some of the LIP and OFY projects direct themselves to problems of people such as those. It has been said, of course, that there is great need for a transportation system for the handicapped, and I believe there have been efforts in the Ottawa area to establish such a system. TOAD is an example. It began with funds from the Department of Manpower and Immigration, but I believe it has been unsuccessful in getting continuing community financial assistance.

Senator Robichaud: Would you not agree that something should be done for these people by the Department of Manpower?

Mr. Manion: I would agree that something should be done for them, senator, but I question whether that would properly be within the mandate of the Department of Manpower. I should add that the vocational rehabilitation program is administered by the Department of Health and Welfare, not Manpower. Many of our programs touch the physically and mentally handicapped, but we do not have the primary program. The primary program is within the Department of National Health and Welfare.

Senator Croll: It is provincial, is it not?

Mr. Manion: The Department of Health and Welfare administers the projects, but it is on a cost-shared basis. The provinces spend the money and the Department of Health and Welfare picks up 50 per cent of the costs.

Senator Robichaud: What are the age limits under which one can make application to OFY? How old must you be and how young must you be?

Mr. Mackie: You must be of legal age to work in the province in which the project is operating, senator. Generally, OFY employees are students, young people, who fall between the ages of 16 and 25.

Senator Robichaud: Let me outline one case for your comments. A girl is studying at the University of Toronto, specializing in television programming and film making for the movie industry. For the second consecutive year she applied to the National Film Board for summer employment and for the second consecutive year was turned down. She was originally from New Brunswick and the only place she can work is the National Film Board, but she is refused. She then approaches me; how should I handle that? Should I go to you?

Mr. Mackie: I suspect that there are any number of other firms and organizations in the film making business. One of the steps might be to utilize the service of the Canada Manpower Centre in order to identify who might be employing workers in this field. In addition to that, levels of government do hire students in the summertime to work on information programs. In this regard also the Student Placement Office of the CMC would be the best approach.

Mr. Manion: If you would like to send me the particulars of that young lady, Senator Robichaud, I will obtain the best advice we can put together for her, including the names of film companies which might hire her during the summer.

Senator Neiman: I believe Mr. Mackie referred to the constituency advisory groups which were established for the LIP and the OFY programs. Could you tell us a little more about how these are constituted?

Mr. Mackie: Yes, I will be pleased to do so, senator. The constituency advisory group is an evolution of a process that was in fact begun at Opportunities For Youth local advisory groups. With regard to constituency advisory groups, members of Parliament are invited by the minister to nominate up to 12 persons to these committees. The committee then is asked to review applications from that particular constituency and make recommendations to the minister.

Senator Neiman: Are you saying that the member of Parliament nominates all of them?

Mr. Mackie: Yes, and the minister names them. A member of our staff also participates on the committee, but the member of Parliament is invited to nominate persons from a variety of backgrounds. Some must represent local municipalities, others social and voluntary agencies. Usually included are one or two previous LIP sponsors and various other categories of that nature. That is the process for the Local Initiatives Program.

In Opportunities For Youth, this year the process is not one of a constituency advisory group, but it is known as a management area group. The labour management area is far larger than a local constituency. Again, members of Parliament are invited to nominate two members per constituency.

Senator Neiman: How large are these groups?

Mr. Mackie: It depends on the area. In the Atlantic provinces, for example, each province is a labour market area. Quebec contains nine and there are 10 in Ontario. The Prairie provinces are generally split in two, northern and southern. There are approximately 33 management area groups throughout the country for the OFY process.

Senator Neiman: Has this worked well in practice and assisted you in your programs, or do you encounter different types of pressures and difficulties?

Mr. Mackie: No, I think it assists the minister considerably in making decisions on projects. It is, of course, and added administrative process which adds to the time involved. It means, however, that the minister receives the advice of a variety of interested groups in a community as to the value of a given project. Also in my view it does provide the local community with considerably more input into the decision-making process than would otherwise be the case.

During the first year of operation of the Local Initiative Program or OFY, it was basically the bureaucrats who made the decision, isolated from communities. This is perhaps a personal view, but I believe that the constituency advisory group process, or the management area group process is a far better one, in that it does provide that access to community groups in making recommendations.

The Deputy Chairman: You say it is an effective process; would the advisory group's advice be accepted in most instances? Do you have any record of that?

Mr. Mackie: I do not have an analysis of the latest program but, yes, my impression is that by far and away the bulk of the applications recommended by the advisory groups are those which are accepted. We could review that point, if you wish.

Senator Neiman: I happen to have a few comments from one of our members who is apparently having difficulty with the OFY program, which I gather is just getting under way for the current year?

Mr. Mackie: Yes.

Senator Neiman: Is there a requirement, for instance, that all appointees to these groups must be of Canadian citizenship or landed immigrant status?

Mr. Mackie: No, there is no such requirement at this point, but I cannot conceive of a situation in which the minister would name a person who was not at least a landed immigrant. Are you aware of the circumstances? If so, I would be pleased to investigate it.

Senator Neiman: The comment in this letter is that there is apparently a requirement for this and there is some concern over the manner in which this may or may not be verified at the time applications are reviewed.

Mr. Manion: No, senator, there is no requirement that the members of the advisory groups be Canadian citizens or landed immigrants.

Senator Neiman: But would you assume that from an administrative point of view this would exist?

Mr. Mackie: Yes.

Senator Neiman: This would cause a little difficulty or delay?

Mr. Manion: Frankly, it never occurred to us. The nominations are made by members of Parliament. They are people well known in the community usually and the minister reviews them. It just never occurred to us to recommend that there be this stipulation and I doubt very much that we would find many or any who would not be Canadian citizens or landed immigrants.

Mr. Mackie: It may be a question of who can work on a project. It is a requirement that only those who are eligible

to work in Canada are eligible to work on the projects, senator.

Mr. Manion: But this is, of course, the consequence of the immigration regulations.

Senator Neiman: The wording of this is a little strange.

Senator Hicks: Is this with respect to Opportunities For Youth?

Mr. Mackie: It applies to all the programs.

Senator Neiman: Are the committee members for LIP and OFY full-time members, or appointed on a different basis, or is it different with regard to the two programs?

Mr. Mackie: It is different for the two programs and they are appointed on a seasonal basis. For the Opportunities For Youth the minister has indicated that there should be at least one appointee under 25 years of age also. We have received some funny nominations, one being for a person who had been dead for four years.

The Deputy Chairman: Did he do a good job?

Senator Hicks: He did not cause the department any trouble, anyway.

Mr. Manion: We are considering making that one of the requirements.

Senator Neiman: Is there a standard routine in which all applications for grants are handled? Is it the same for LIP and OFY, or do you handle these in different fashions because of different circumstances?

Mr. Mackie: They are handled in slightly different ways. We do have Job Creation branch offices in every province and a number of field offices in addition to the Canada Manpower centres which are used to distribute information with respect to the programs. However, basically the review of a project is by either a constituency advisory group or a management area group.

In some instances, because members of Parliament feel that their areas cover too diverse a range of people, or for other reasons, such as wide geographic dispersion, there are no constituency advisory groups. In those instances our officers meet with community organizations and agencies and seek their advice in providing recommendations to the minister. Basically, however, the process is similar, but slightly different, for each program.

The Local Employment Assistance Program, LEAP, does not operate on a broadcast application basis at all. It operates on the basis of our offices, or those of other levels of government identifying target groups. They then work with them on the development of a proposal. So that it is not a broadcast, dump the money out, program.

Senator Hicks: I am a little concerned about the statement that they must be eligible to work in Canada. Does that mean that they must be Canadian citizens or landed immigrants?

Mr. Mackie: Or work permits.

Senator Hicks: What about students from other countries?

Mr. Mackie: They are not eligible unless they have a work permit.

Senator Hicks: What about the university which employs them as instructors? Is that contrary to the law?

Mr. Manion: Without a work permit it is contrary to the law.

Senator Neiman: You have mentioned that you have a fund—a concentration allocation. How is this done? Is it done on a regional basis?

Mr. Mackie: No. In the Local Initiatives Program—I will describe it in broad terms and if there are details required, perhaps Dr. Fay can provide them—we have identified constituency boundaries and compared them to the boundaries of the census, so that we establish a base population in 1971 and rates of unemployment during that period. We then review the most recent labour market information from Statistics Canada, survey information which they have, attempt to identify it with the constituency boundaries and then compare the final figure with what we know to be the case in terms of registrations in CMCs. The final CMC step is one that simply allows us to verify that our figures are close to what we think they should be from the point of view of operating statistics, although they are not accurate in reflecting unemployment as a whole. That provides us with a base that is population oriented, that is oriented towards rates of unemployment, and related in some respect to our registrations in CMCs. That provides us with the allocation formula.

Senator Neiman: I was wondering if you allowed for some flexibility. There could be sparsely populated areas in Northern Quebec where there is extremely high unemployment, and you would have to take that into consideration.

Mr. Mackie: In addition, senator, we make a minor adjustment after the initial allocation is made, when we see what the rates of unemployment are. The figures are always, as you know, a month late. Before final allocation was made this year, we distributed an additional \$6 million approximately on the basis of—also, as Mr. Manion points out, labour market statistic and Statistics Canada do not include Indians living on reserves. We use Statistics Canada population material to provide us with a base for adding that into the statistics in areas where it applies. So for allocation purposes, natives, people living on reserves, are included in the calculation.

Senator Neiman: May I turn to LEAP for a moment? I am concerned about one area which I have been interested in for several years. That is the vocational services and the employment of mentally and physically handicapped people. We have a number of good agencies in the Toronto area, such as the Jewish Vocational Agency, and there are numerous others, which have done fantastic work in trying to train these people for the labour market. It is not because of their handicaps. For instance, mentally handicapped people can perform many kinds of routine tasks, and, in fact, do them much better than would other people. Yet these vocational services are having great difficulty in getting the cooperation of various levels of government to help place these people.

I know that some of our people from the Toronto area have written to various ministers and have solicited their active cooperation in providing areas of employment opportunities for those people, whether it is making buttons or anything that has to be provided through government services. I am wondering specifically how far you

have directed yourself to this problem, seeing what job opportunities are open and providing that channel.

Mr. Manion: Quite aside from LEAP, we are supposed to be focusing on placement problems of people like that. We have had a fair degree of success. We also provide placement services for the vocational rehabilitation program. We have been working with the Ontario Workmen's Compensation Board recently to improve LIP images and improve our placement capability. We have, in our training programs, a couple of elements which help us place people like this. For example, when we have someone who can hold down a job, who needs some special assistance in getting him started, we have a provision in the industrial training program whereby we can place an individual with a firm and pick up part of the cost and wages until such time that the individual is earning a salary. We can also purchase training from agencies like the Jewish Vocational Service and others, work adjustment training and work orientation training, where people have particular problems which need to be adjusted before they go to work.

Senator Neiman: I was not thinking so much in terms of training as the job provision. In other words, to what extent are your manpower officers going out into the community and identifying employers who could usefully employ five people or two people in routine jobs for which this type of person would be highly suitable?

Mr. Manion: Our directive to our manpower officers is that whenever they visit an employer, to talk about his registering his vacancies with us, or whenever we enter into a training contract with an employer, or do anything for him, we should try, in return, to get him to open up some jobs for difficult-to-place people. I am not satisfied that enough is being done. One of the purposes of the introduction of the job information centres is to free our staff from paper work and routine so that they can get out and hustle jobs for hard-to-place people. There is another element of this. In this country there has been far too little done to facilitate the employment of handicapped people.

Senator Neiman: I quite agree—of physically handicapped people.

Mr. Manion: And for the other handicapped also. There is a tendency in Canada, I think, if people are not completely competitive, 100 per cent in every way, to let them fall by the wayside, whether they are physically, mentally, emotionally or socially handicapped. Our department has done a good deal of research on the components of the unemployed, and we find more and more that people are not unemployed because of a shortage of demand, but because of structural difficulties relating to themselves or to the employers' perceptions of them. Even when the economy turns up, we will find a very large number of people still unemployed, regardless of the number of job vacancies, because of the structural barriers, because of these perceptions of employers.

I mentioned a week or so ago that when we were in Alberta last fall, talking about the Alberta manpower crisis, it was forecast that Alberta would need 37,000 additional workers over the next two years. We pointed out that on that very day we had 43,000 people registered in our CMCs in Alberta—women, older workers, workers with some small problem, handicapped, younger workers without experience, but workers who could be trained and utilized if employers, and society as a whole, were prepared to make some adjustment.

We have tended in Canada always to expect the worker to make the adjustment. We train them, we move them, but too often the job is not adjusted for them. There might be minor adjustments that have to be made to make placement possible. Even the governments in Canada do not do enough to accommodate people with special problems, unlike many other countries which have set aside quotas in the Public Service for employment of such people. We do very little of that in this country.

Senator Neiman: I might say, in closing, that I read a speech of the minister in Alberta a few months ago, and I was pleased to see that he was exhorting businessmen to make use of the talent in the labour force that was available to them in various categories.

Senator Croll: As to the money required for the anticipated training of people, which you say you lack but you have some for that purpose, what has been the history of the amount which you had from year to year in the last couple of years?

Mr. Manion: I do not have that data readily available. It has been increasing, but it has not been increasing sufficiently to keep pace with inflation, or with the growth in the labour force. I think our training as a proportion of labour force has probably been declining steadily since 1971 in this country.

Senator Croll: Your training?

Mr. Manion: The number of training days related to the total number of days worked in the labour market has been declining year by year since 1971.

Senator Croll: Why?

Mr. Manion: Because the costs of training have been increasing more rapidly than the projects for training.

Senator Croll: For that particular aspect, my recollection is that Parliament is very lenient in granting money for those practical solutions to the unemployment problem. It did not occur to me that they had not provided sufficient for that particular aspect.

Mr. Manion: I am always seeking more money for this program. I think in fairness to those who control the money, it has been very difficult in the past to make a solid case for a particular volume of training compared to a lower volume.

Senator Croll: Just name them, will you? Give some examples.

Mr. Manion: It is only recently that we have been able to say that our model and the Manpower needs committees have made a good case for a certain level of training. In previous years we had a gut feeling that we were not doing enough. We found that perhaps we had had to turn down 10,000 or 20,000 people in the previous year. However, this was not a very sophisticated set of arguments for funds. I think that perhaps has been the main reason why we have not been as successful as we would have liked in getting the funds needed for training.

Senator Croll: But in 1971 or 1972 you saw danger ahead, did you not? There appeared to be some danger ahead. Was that not a priority of some kind? Was that not entitled to a priority?

Mr. Manion: I will give you the funding of the program year by year.

Senator Croll: When you say the funding of the program, exactly what do you mean? Are we talking about the same thing?

Mr. Manion: The amount of money spent each year on occupational training. In 1971-72, we spent \$330 million; in 1972-73, \$385 million; in 1973-74, \$394 million; in 1974-75, \$404 million estimated. We have increased from \$330 million to \$404 million per year in over three years. The cost of training for that time has been increasing at a rate of about 10 to 12 per cent per year, a little more than the cost of living index. It has been parallel to the increase in educational costs as a whole.

Senator Croll: So you just kept your head above water.

The Deputy Chairman: No. It would be about a 20 per cent increase.

Mr. Manion: About a 20 per cent increase over three years.

Senator Croll: Sixteen per cent is the general, but you got 20 per cent. Was that the general increase across the board, the increase of the other aspects of the program?

Mr. Manion: I do not follow your question, senator.

Senator Croll: I am referring to other aspects of the programs for Manpower. This is not the total program?

Mr. Manion: No, this is just the training.

Senator Croll: Are the other aspects about the same?

Mr. Manion: Aside from our job creation programs we have had similar difficulty in getting funds for the other portions of the programs.

Senator Croll: Let us for a moment get back to LEAP. How do you relate to the Community Employment Program, that aspect that Mr. Lalonde and the provincial ministers have in mind and are using for the welfare people, people on welfare who require employment?

Mr. Manion: The community employment strategy is moving into a developmental phase. It will have about 20 to 25 projects across the country in different kinds of communities. In those communities we are going to use all the resources we have, and the provinces will use the resources they have, to meet the needs that are identified. Where there are gaps we will put additional resources in place to meet them. The federal government has announced, I believe, that it is going to spend \$50 million in these 20-odd projects for the developmental phase. LEAP will be one of the tools used in the Community Employment Program.

Senator Croll: LEAP will not be part of the Community Employment Program?

Mr. Manion: Yes, LEAP will be one of the tools used. We will use LEAP, we will use Outreach, we will use training, we will intensify all our efforts. Having done that we will see what needs are not met and put additional resources in place to meet them.

Senator Croll: You spoke of LEAP and what else?

Mr. Manion: All of the Manpower programs.

Senator Croll: Such as what?

Mr. Manion: LEAP, Outreach—

Senator Croll: How many Outreach projects have you?

Mr. Manion: Approximately 135 Outreach projects.

Senator Croll: What else?

Mr. Manion: The training program, of course, the services of Manpower centres, all of the resources, all of the programs of the department, will be deployed in these project communities and intensified as much as possible.

Senator Croll: Is the project in Prince Albert, Saskatchewan, under your management, under your organization?

Mr. Manion: There will be a community employment strategy project in Saskatchewan. It has just been announced by the minister and by the provincial ministers in Saskatchewan. It will be a very unusual one. By the way, has the nature of the project been announced?

Mr. Ivo Krupka, Director, Community Employment Strategy, Department of Manpower and Immigration: The nature of the project has not.

The Deputy Chairman: We have just had an announcement.

Mr. Manion: You almost had an announcement.

Senator Croll: You have not announced it to me. I didn't think it was that secret.

Mr. Manion: In Saskatchewan we have been discussing a project that will involve the whole province. It will involve essentially employable welfare recipients across the province.

Senator Croll: As I understood the program, forgetting about the people in the labour force, with whom we are not dealing at all, that program deals with people who are not in the labour force, and it does not make any difference whether they are handicapped or whatever they are, period. The idea is that people be looked after, perhaps not in the first week or second week, but in one way or another; the purpose is to provide employment so that they do not draw unemployment, so that we get some benefit from the money we spend. That is the general idea. You have got LEAP, on which you are just starting; you have not made too much progress on LEAP. You also have the Community Employment Program. What I am trying to find out is how those two are going to meld.

Mr. Manion: Perhaps we could give you an illustration of a community where a project will be installed. I will describe the process briefly. The province and the federal government have selected Nanaimo in British Columbia as one of the communities. The first step is for federal and provincial government officials working as a team to go in and consult with local people about the best way to establish a community mechanism, some kind of a board or committee, that will then help us to identify those people in the community who have particular and continuing employment problems. They are people on welfare, but they would also include people being maintained by Indian Affairs, or perhaps the chronic unemployment insurance recipients, or perhaps people who have just been released from an institution.

Having done that, the work group in the community would have all of the resources of the federal and provincial governments—vocational counselling, rehabilitation, various social services, day care centres—and they would

then intensify and concentrate these in the identified group.

It might then be found that there are some major gaps, such as funding being required for a sheltered workshop or for an entrepreneurial activity, or a new day care centre. In that case, either the federal government or the provincial government would put money in to meet such needs.

We start with a coordinated rationalized approach. The needs of the client come first, not the program. We focus and intensify the existing efforts and then deal with the major gaps. If we can put all of the people into existing private sector jobs, great, we do not need to spend any money to create new jobs. It is conceivable that we would not spend a nickel in a community on job creation. If we could persuade the private sector employers, for example, to open up more employment, we may be able to do it without LIP projects, although that is a rather remote possibility.

Senator Croll: Wasn't the original concept that the municipalities and provinces would provide the major funding for this purpose?

Mr. Manion: No, senator.

Senator Croll: The original concept in respect of community employment was that the money would come from the municipalities and provinces, not from the private employer.

Mr. Manion: It is not a question of money coming from the private sector, senator; it is a question of using the private sector jobs. We would not expect private employers to put any money into these programs, but we would expect them to cooperate by opening up jobs, perhaps by making some adjustment, so that we could place some handicapped people with them or accepting welfare cases. Such would be the contribution of the private sector employers.

Senator Croll: But that has always been the practice of the private sector, except it has not been worked enough. Some countries have a law whereby private employers must take 3 per cent or 5 per cent of these people. We do not. I realize you are too busy to do it at the moment, but it will come.

The point I am making, however, is a different one entirely. The private sector has its responsibilities. The minister, by the way, used the term "employers of last resort" in connection with government. I had a hard time getting him to say it, but he finally said it. When I was talking about the communities, that was the term I was using, and he finally got to use it, too. In other words, the municipalities, together with the provinces, would be employers of last resort. Some might be used for the private sector but, on the other hand, the concept was that the municipalities and provinces would be the employers of last resort. That is what I understand Lalonde's concept to be, too.

Mr. Manion: I would not use the term "employer of last resort," senator. There may be some government employment created to soak up unemployment in one of these communities, but I suspect that would be the exception rather than the rule.

Senator Croll: Employer of last resort for these people, I do not mean generally. I am talking about people out of the labour force.

Mr. Manion: Well, we will try not to expand public service employment. The easiest thing with a new program such as this, of course, is to solve unemployment by creating an army of public servants to administer it, and one of our mandates is to avoid that.

Senator Croll: I am not yet finished my questioning, Mr. Chairman, but I will turn it over to other honourable senators at this point and then come back.

Senator Carter: I have three very short questions. Coming back to Senator Croll's supplementary to Senator Grosart's question relating to the application of money and the percentage reduction in unemployment, you said that for \$100 million applied you can reduce unemployment by .3 per cent.

Mr. Manion: Yes.

Senator Carter: Which comes first, the chicken or the egg? Do you decide by how much you want to reduce unemployment and then seek the necessary amount of money, or do you get a certain amount of money and decide that out of that you can only spend \$150 million for the purpose of reducing unemployment? Which procedure do you use?

Mr. Manion: Like all good bureaucrats, senator, we try to get the best of both worlds. We normally put to the government a proposal in which we outline the various options and the costs involved. Based on those proposals, the government then decides which impact it wants, right up to the limit that the program can handle. The government then looks at each option and decides how much impact it wants to buy for how much money. If the fiscal framework is such that it will not cover what we recommend, then we get less.

Senator Carter: You have not answered my question. What I want to know is which of the two procedures you follow?

Mr. Manion: We actually follow both procedures at the same time, senator. We recommend a certain employment impact, but we do it in such a way that the government, of course, has the choice. We do not present a take-it-or-leave-it package. Our proposal contains a range of options. We might recommend Option 6, which would reduce unemployment by such and such an amount, but the government is free to choose whichever option it feels it can afford.

Senator Carter: So that decision is made by the government, not your department?

Mr. Manion: That is right.

Senator Carter: Do such programs as LEAP, LIP, OFY, and so forth, lead to permanent employment?

Mr. Mackie: The Local Initiatives Program, senator, is designed to employ people who are seasonally unemployed. To a large extent, it has been successful in that area. The people involved in LIP projects usually return to their regular employment at the end of the project.

The Opportunities for Youth Program does not lead to permanent employment at all. It is simply a short term student employment tool.

The Local Employment Assistance Program, LEAP, certainly does lead to permanent employment for many people. About 50 per cent of the projects are what we call

through-put projects in which people come in, gain confidence and skills and go on to permanent employment.

An additional number of perhaps 30 per cent of projects will themselves become permanent entrepreneurial activities, small business activities, in which permanent employment is created. The balance, the remaining 20 per cent—I might be slightly out in my percentages—are projects that in some way, shape or form will require some continuing subsidization if they are to go on beyond the term of LEAP in that the people involved are not producing at a level that allows them to be economically viable.

In the entrepreneurial component of the LIP program, the idea, again, is to develop permanent ongoing jobs that are part of the regular competitive public market.

Senator Carter: Of the three programs, do you weight those which could possibly lead to permanent employment?

Mr. Mackie: At this point, with the object of LIP being to reduce seasonal unemployment, it would be weighted in that direction rather than to create permanent jobs. LIP is by far the biggest program.

Dealing with the LEAP program, what we see is that in order to deal with the most difficult problems of people it takes time. It is a process of learning, of development, et cetera and, while that has been very high on the list of priorities, it is not a criterion which would exclude a project from consideration.

Senator Carter: How much do the entrepreneurial programs have to do with arts and crafts and home industries?

Mr. Mackie: If you will refer to the chart for the LEAP distribution at page 39 of the document prepared for you, you will see that cultural arts and crafts is shown as 12.9 per cent of the total. I believe the other figures in connection with LIP and OFY are contained in the document. However, roughly the same proportions would apply.

Senator Carter: I have the opinion, which may be incorrect, that there exists in rural communities a potential for small home industries such as arts and crafts which we are not exploiting as much as we should.

Mr. Mackie: I could not agree with you more, senator. That is very true. We have now had considerable experience of this aspect by means of the LEAP and entrepreneurial programs. Very fine work can be done. Our view is that these projects should be developed on the basis of either employee participation in ownership or some type of co-operative structure. We are exploring the legislative components, the acts of incorporation, et cetera, relating to such groups. We encountered one problem in one province, in which a group wished to incorporate but because it consisted of more than 50 persons they had to incorporate as a public company. Because there was no stock exchange, the registrar of companies simply did not know how to deal with them. The result was that they had to incorporate as a private corporation, rather than as a broadly based community corporation. However, this problem of the legislative basis upon which incorporation can be achieved is receiving our consideration. I agree that there is a great market for that, a real market, not just a fringe market.

Senator Croll: You were discussing a few minutes ago skills and methods of improving them. You spoke of a man receiving \$8 an hour as a skilled worker in the woods,

which is not abnormal and there is nothing you could do to obtain him that kind of employment. However, you could conceivably get him a different type of job, or training for a different type of job.

What attention do you pay to salaries or wages paid to those who obtain jobs through your service?

Mr. Manion: This is really up to the individual, senator. If he is interested in taking a job at a lower wage level, we will certainly place him. We endeavour to persuade them to be realistic. Sometimes a person must learn to step down. Some who have had jobs in isolated communities, for example, earning \$30,000, on their return to cities find they can only obtain \$15,000.

Senator Croll: Well, we members of government understand that \$15,000. My reference is to those who work for bread and butter.

Mr. Manion: We endeavour to persuade people to be realistic, but we also feel very strongly with regard to pushing them into lousy jobs, of which there are many. Too many of the jobs in this country are at the minimum wage level, with dreadful working conditions, poor amenities and no prestige. In such cases we attempt to persuade the employers, if they can, to up-grade the job. In other words, rather than constantly shoving people into them, we attempt to get the jobs improved. I believe you will recall some of the things that have been done in agriculture. The department has pressed very hard for improved accommodation and wages and more stable employment. We are doing that in other areas also.

Senator Croll: I am more concerned with the man who is drawing the minimum wage. Last year a report was issued stating that the Department of Labour in Toronto had been successful in collecting \$100,000 or \$125,000 in wages for those who had received less than the minimum. There are not too many in the Department of Labour there who remember when I was there, but I got in touch with some and asked where it came from. They said it came from Manpower as far as they knew. That is where they must look. I did not check—you may shake your head and say no—but where else conceivably could they come from?

Mr. Manion: We do not place all the people who are placed, senator. We instruct our officials not to place workers in jobs below the minimum wage or which in any way contravene the labour standards laws of the provinces. Occasionally an employer will say that the wage is open to negotiation. In those cases we have instructed our staff to inform them that they must pay at least the minimum wage.

Of course, we cannot follow all these up to make sure that the wage in fact is paid. There are many cases of exploitation of which we become aware later on.

Senator Croll: I will not hold you responsible for the fact that the minimum wage prescribed by the Government of Canada today is equal to that of Newfoundland, which is very poor.

Mr. Manion: I would not disagree with that.

Senator Croll: And below, I believe, that of four provinces. I was not present at the last meeting, but I noticed an advertisement in the paper inviting people to visit the office, where there would be information available for them and you felt that was the best service you could conceivably offer those who need it. That arose as a result

of much thinking, I have no doubt. What concept is involved in that; what do you have in mind? Is it to bring them into the office and have some information available for them? What type of relationship are you endeavouring to build up?

Mr. Manion: Senator, we believe that most people are able to make their own decision, without a civil servant being involved. All they need is information with respect to the options open to them and the tools and resources available to them. That is why we are building on to our Manpower centres job information centres, in which workers can browse to discover what jobs and training courses are available. There is also career counselling information available. Many people are ideally served by that. Others need more assistance and with the job information centres some of our staff are free to give them more help. We have excellent information available now which was not available four or five years ago.

Senator Croll: If I am smiling, it is not at you, Mr. Manion, but because of a little nostalgia. You carry me back to 1936, when Norman Rogers, the federal Minister of Labour asked me to go overseas, when I was the Minister of Labour for Ontario. The purpose was to investigate unemployment insurance and, in addition, labour exchanges. I returned and submitted a report in favour of unemployment insurance and labour exchanges and then installed one in Ontario. Not having your sophistication and all these opportunities, we finally turned it into an information office for the unemployed. That was 40 years ago, so although you are doing something now, it is not quite that new.

Mr. Manion: Senator, in the employment field there is nothing new under the sun. Often it is just good ideas that come back again. We think the job information centres are essentially a common sense arrangement. They respond to human nature. There is nothing magic about them at all. We recognize that we owe a lot to people—

Senator Croll: I agree that you came to it a little late, but you came. That is okay with me.

Senator Graham: My supplementary question has to do with the handicapped. I know that in the United States they have very expensive advertising in the media, particularly on television, to encourage employers to hire the handicapped and pointing out the advantages of hiring handicapped people who are loyal, devoted, very much on time, and when they develop a particular skill they do it as well as anyone else could possibly do it. I am wondering if we carry on any kind of program in that respect, or if you anticipate promoting that kind of program?

Mr. Manion: I think that kind of a program can be useful. The vocational rehabilitation program was transferred from the Department of Manpower to the Department of Health and Welfare several years ago. We really have no mandate to do that kind of thing. It rests with the Department of National Health and Welfare, sir.

Senator Croll: I think you should point out to Senator Graham that what he is asking you is part of the American law. It is not the law in this country, but it is part of the American law in almost every state saying "You must hire 3 per cent, 4 per cent, 5 per cent"—something like that—"in the way of unemployment." It is failure on the part of our people in not doing that. We have to have some amendment to the law saying "You must take so many." That is a fact, is it not?

Mr. Manion: I do not believe that the U.S. law requires a percentage of handicapped. They do have legal provisions relating to veterans, women, and so forth. It is a law in a number of European jurisdictions.

Senator Croll: In some of the state jurisdictions in the United States.

Mr. Manion: In some of the state jurisdictions, yes.

Senator Croll: Yes. That is what I am talking about—state, not federal.

Senator Neiman: On that same line, I was going to make the point that I would hope our government would make it a policy, if not a law, to ensure that people in all departments were hired, such as the handicapped—that there would be a percentage of those, furthermore, that all our public buildings would provide access for handicapped people.

Mr. Manion: Mr. Andras has launched an initiative internally in the government in this direction. He has consulted with his colleagues and we have a special group of officers from our department and the Public Service Commission examining ways in which this could be given effect. We feel too that the federal government has to do some things itself, with its own employment, before we preach to the private sector.

Senator Graham: Will any money be made available this year in the field or promotion to encourage employers to hire students?

Mr. Manion: Yes, senator. We have a small amount—I cannot give it to you offhand—I believe it is in the order of \$250,000 to \$275,000.

Senator Graham: The OFY program, Mr. Chairman, has often been criticized as being biased towards students and not aiding unemployed young people. I am wondering if this is a valid criticism.

Mr. Mackie: The program does in fact employ approximately 8 per cent non-students; but the objective of the program is to provide employment for people who are students. It may well be that we need additional tools to deal with non-students, but the program itself, I believe, is directed specifically towards students, and therefore could hardly be faulted for not achieving an objective that is not its objective.

Senator Graham: Mr. Manion, have you people in your department who are planning for next year and the year after in terms of OFY? In other words, can we consider that this is going to be an ongoing program?

Mr. Manion: At the moment, senator, it is a continuing program that is renewed year by year. I know this is a contradiction, but we have some permanent staff engaged in job creation planning. Of course, they plan for a year or two years in advance. But the continuation of the program is dependent on annual submission to the Cabinet. If the Cabinet were to decide that the OFY program does not run in 1976, the department would have to absorb the staff and find other jobs for them.

Senator Graham: May I ask the same question in respect of LIP?

Mr. Manion: The answer is the same, sir.

Senator Graham: I am talking about the timing. There has been criticism that the announcement of these programs and the formulation of policy in respect of these programs have been late. Can we anticipate that in the future, if these programs are of an on-going basis, announcements and the whole structure and procedures will be advanced so that perhaps better advantage can be taken of them?

Mr. Manion: This is a problem for the administration of the programs. Because they are annual, because they are based on forecasts of unemployment, you have to wait until the basic data is available. Then you put your case to the government. If it is approved, we find every year that we have a great rush to get the programs launched and get applications in. In both LIP and OFY we have done the best we can to keep bringing that date forward. I believe, in OFY, we announced the program at the end of December. In the case of LIP this year, we announced it in August—and we start the projects roughly in December. This is as good as we have been able to do, and I suspect that if we keep having these programs annually renewable, this will be the best we shall ever be able to do.

Senator Croll: When you speak of LIP, I have been around here for only about 40 years, and it has been there ever since I have been here—in the Winter Works Program. I have never known us to be without it, call it what you like. So it cannot be temporary in any sense. All they have done is change the name.

Mr. Manion: I think there were a few years when they did not have either.

Senator Croll: Yes, a couple of years. But under the Local Initiative Program, did you ever see what they built under that? I once had occasion to go through it. I think they built community halls, city halls, and all sorts of things. It is quite a large program. If you have ever sat around with members of Parliament when someone suggested that you clip one of these, it is worth your life to open your mouth.

Mr. Manion: We have, senator.

Senator Croll: These programs are as permanent as we are here—I presume.

Senator Graham: That is open to question.

Senator Croll: Your third program is now getting an addition, which will be much more important than what you have at the present time, when you get the community aspect added to it. You are going to grow in importance as time goes on.

Mr. Manion: We believe the job creation function is a continuing one. The question of whether OFY of LIP would run in any given year is something that has to be determined by the government each year.

Senator Graham: There were some statistics tossed around earlier. I think someone estimated, in answer to Senator Grosart, that for \$100 million expended you relieved unemployment by .3 per cent. That is on a temporary basis, on a seasonal basis.

Mr. Manion: That is right.

Senator Croll: He did not say that.

Senator Graham: He has just agreed.

Senator Croll: I asked the question and Senator Carter asked the question. He said the purpose of my question—and the purpose of Senator Carter's question—was to ascertain whether it was possible in some way to spend this on part of the unemployment, to knock off 2 per cent, something like that. The answer I got, that I went away with, was "Yes". Not "on a seasonal basis", but "Yes". That pleased me very much.

Mr. Manion: By putting enough units as \$100 million together.

Senator Croll: That's right.

Senator Graham: If LIP can be said to have actually relieved unemployment on a permanent basis, can it be said that that is so, and, if so, how much?

Mr. Mackie: There have been studies done using again the candide model, which indicates a series of what can be termed downstream benefits. In other words, multiplying the effect of the program, that by having put the money in 1972-73, there continue to be a number of jobs resulting from it that are more permanent than the simple specific job of LIP. But to identify permanent employment as a result of a short-term expenditure is very difficult.

Senator Graham: I have one final question, Mr. Chairman, relating to LEAP. I am wondering about the distribution of LEAP dollars across the country. I accept their effectiveness and I have heard of several very good examples today and in other places. I am wondering whether you are getting the kind of response from individual regions in the country that you would like to have. In other words, are you getting LEAP—I am not trying a pun—are you getting it off the ground?

Mr. Mackie: There is no shortage of demand for LEAP funds at all. The situation is that it does take between three and six months to develop a viable project. I think you will be familiar with one that Father MacLeod is engaged in Sydney. It takes time to get it going but there is no shortage of demand for funds and no shortage of jobs that could be created, both permanent and jobs that provide people with experience to move on into permanent jobs.

Senator Graham: May I add, as a matter of observation that there is one in New Brunswick, I believe, the greenhouse project that is now being incorporated into a co-operative, on a permanent basis.

The Deputy Chairman: Honourable senators, I appreciate that we have lost some members of the committee and I would ask you to bear with me for another ten minutes. The Science Policy Committee is meeting and I appreciate that you want to go to that.

There is one question I would like to ask and I think Mr. Cocks would like to ask a couple, so I would ask you to spend an extra ten minutes with us.

Mr. Manion and Mr. Mackie, you have referred a number of times to studies having been made of the effectiveness of programs. You refer in your brief at page 23 to a project survey in a study and you refer to these findings and so on, and on page 24 you refer to the same study and it is referring to LIP projects. Who made that study? Was that an independent study? I will ask this question also, so that you can answer them all at once—could we have copies of this study that is referred to, plus copies of any other

studies that you have that you could inform us of today and that we might be able to have copies of?

Mr. Manion: The study that is referred to in the various places in the paper is a study of the Local Initiatives Program done by the University of Calgary several years ago on contract from the department. There are a number of other studies of programs, some of them more in the nature of observations than research studies. The Calgary one is an evaluation and the government has a policy of not publishing evaluations of government programs. However, we would be happy to provide the study to the members of the committee and to the secretary on the basis that it would not be published. I am afraid I could not undertake anything else without the approval of the minister and I think the House Leader.

The Deputy Chairman: We would be happy to receive it on that basis if it is available.

Mr. Manion: We did take much of the data from the Calgary study and publish it in this book called *Summary of Statistical Data of the Local Initiatives Program 1972-73*. This contains the data, minus some of the policy observations and recommendations. This is a public document and has been released in the past. We will provide a complete evaluation.

Senator Neiman: Do we have some similar material on the LEAP program that Ms. Taylor mentioned. If so, I would appreciate very much receiving some of it.

Mr. Manion: We will make a list and provide whatever is available.

Senator Neiman: I would like some detail on the LEAP program.

Mr. Manion: The LEAP program is probably the key to our efforts in job creation and it will be a spearhead of much of the community employment strategy.

The Deputy Chairman: If there are other evaluations or studies that we should be aware of, that might be helpful to the committee?

Mr. Manion: There have been some. We will indicate which are public documents and which are provided to the committee on a restricted basis.

Mr. J. H. M. Cocks, Advisor to the Committee: Mr. Chairman, going back to the constituency advisory groups—I might have missed this—how binding is the recommendation of a constituency advisory group on the department?

Mr. Manion: It is not binding. The decision is the responsibility of the minister and he has said publicly a number of times that he makes the decisions. The committees advise him, just as his officials have advised him in the past.

Mr. Cocks: In connection with the LIP and OFY projects, by what means does the department ensure that these projects are completed as outlined in the approved application and within the funds granted?

Mr. Mackie: It is a very extensive process that includes an initial visit to the project within two weeks of its having been established, with a series of monitoring reports have been developed, and the public audit makes a visit. The Department of Supply and Services Audit Services Bureau audits projects and financial records on a

spot check random basis; or when we identify any kind of problem in terms of project management they go in and do special audits.

The projects for the most part are community and public, and are therefore subject to all kinds of scrutiny from almost every quarter. Out of 15,000 projects we have operated in the last two or three years, I think there have been only about 60 in which we have had investigations and only about eight or ten prosecutions as a result of it, so the amazing thing is how honestly they are operated. Out of 13,000 projects, I believe only about 20 odd investigations have occurred that went beyond the normal control mechanism. There is a very extensive review of project monitoring, though the Audit Services Bureau and the public scrutiny, and we investigate any suggestion of impropriety of any sort.

Mr. Cocks: One final question. There has been some criticism in connection with the operation of the job creation program largely in the provinces without adequate prior consultation. Would you like to comment on this?

Mr. Manion: There has been criticism of that and to a considerable extent it is unfounded. Our minister, our deputy minister, met with the provinces a number of times. So long as the federal government operates a program like this, the provinces are going to say that we are parachuting projects in and that they would much sooner have the federal government turn over the money to them so that they could parachute the projects in. We have tried to consult the provinces on a general basis before the project approval process begins, to talk to them about their priorities, about the distribution of funds both to provinces and within provinces. We are quite prepared to receive and consider a provincial recommendation that a project not be approved, if the province claims that it is either going to contravene provincial laws or interfere with provincial priorities. We insist that that be an open recommendation, of course. The constituency advisory groups would have to know that that recommendation has been made and ultimately the people who make the recommendation stand behind it and are accountable for it.

I think that we have probably gone as far as possible in consultation with the provinces and taking account of their views. In fact, some would argue that we have gone a good deal further in consulting the provinces than the province goes when it launches job creation programs. Generally speaking, provinces will start their own programs with no consultation whatever, not even advance notification to the federal employment authorities. I think the federal government has gone about as far as it can go, short of turning the funds over to the other level of government.

Senator Croll: I endorse that statement very heavily, Mr. Chairman.

The Deputy Chairman: Honourable senators, on your behalf I would like to extend our thanks again to Mr. Manion, to Mr. Mackie and to the officials he brought with him today. We again appreciate the forthright manner in which you have presented your answers to us and we look forward to meeting with you again in the future.

On next Wednesday morning at 9.30 we meet with the Honourable Mr. Chrétien, on the supplementary estimates (D) and a week from today, Thursday morning at 9.30, we continue our hearing on manpower training. Thank you.

The committee adjourned.

APPENDIX "A" follows

MANPOWER PROGRAMS INFORMATION

FOR PRESENTATION TO

THE

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

"JOB CREATION"

DEPARTMENT OF MANPOWER AND IMMIGRATION
FEBRUARY 1975.

Department of Manpower and Immigration

Manpower Programs Information

Job Creation

ERRATA

In the presentation of the provincial distribution of L.I.P. funds for 1974-75, one line was inadvertently omitted. Please replace the last paragraph on page 20 with the following.

The total L.I.P. funds for 1974-75 available for provincial distribution is \$84,356,100 distributed as follows: Newfoundland, \$8,446,100; Nova Scotia, \$3,924,000; Prince Edward Island, \$1,109,600; New Brunswick, \$5,701,100; Quebec, \$36,673,100; Ontario, \$12,489,600; Manitoba, \$1,797,000; Saskatchewan, \$1,636,000; Alberta, \$1,958,000; Northwest Territories, \$511,000; British Columbia, \$9,825,600; Yukon, \$285,000.

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I. PHILOSOPHY AND CONCEPTS

There are many ways in which Canada creates jobs for its people: fiscal and monetary policies, tariff policies, regional development programs, industrial incentives programs, and the new, direct job creation activities of the Department of Manpower and Immigration which are reflected in programs like Opportunities for Youth, the Local Initiatives Program, and the Local Employment Assistance Program. This presentation deals only with the latter direct job creation activities of the Department.

The essence of our direct job creation activities is the creation of employment in Canada where for a variety of socio-economic reasons jobs are not available.

Canada Manpower's direct job creation programs emphasize people having a say in determining what work activities are useful in their communities rather than government officials deciding what is worthwhile and what kinds of work people will do. The Department's job creation programs allow people to participate selectively in projects that offer personal fulfillment while concurrently meeting a public need that may not otherwise have been met; they also provide mechanisms which are sensitive to the tensions of many segments of Canadian society.

The beauty of the job creation mechanism is its flexibility. Given that, and the awareness/sensitivity of the people who administer it, necessary changes can be quickly made in the application of the programs to meet the parallel changes and needs of Canadian society. It is in this spirit that the Department's job creation programs have sought and introduced innovative interventions in the Canadian labour market.

Participants in projects funded under the programs share in the evolution and management of their projects. This participation extends beyond the internal affairs of projects to the involvement of the community in the development, selection and support of projects.

The interaction of participants with each other and with the community is a dynamic source of adjustment to our changing society.

As the nature of individuals' employment problems varies with the communities in which they live, it is vital that experimentation with different forms of community involvement continue.

The seasonal, structural and cyclical nature of employment and unemployment demands flexible and different programs:

- a summer student employment and participation program to accommodate large influxes of students into the labour market in the summer months;
- a winter employment scheme to offset high unemployment caused by winter slowdown; and,
- a local employment assistance program to raise the level workskills of the socially disadvantaged and chronically unemployed.

Going beyond the usefulness of an individual's work to himself, there is the usefulness of that work to the community, or to society. The concepts of self-worth, job satisfaction, and community benefit underlie all the Department's job creation programs.

The three components of job creation are the Opportunities for Youth Program (OFY), the Local Initiatives Program (L.I.P.), and the Local Employment Assistance Program (L.E.A.P.). For comparison of these programs for 1973-1974 and 1974-1975 in terms of funds committed, number of projects approved and number of jobs created see Appendix 1.

II OPPORTUNITIES FOR YOUTH PROGRAM

The objectives of the program are:

- to create summer jobs which are meaningful to students and of benefit to the community;
- to provide students with the resources to implement and test some of their ideas and aspirations;
- to develop through experience students' practical abilities and organizational skills; and,
- to help students accept responsibility in contributing to the social fabric of their communities and Canadian society.

Description

In the late 1960s and in 1970, the federal government was faced with soaring student summer unemployment. In fact, the 1970 student unemployment rate of 17 per cent was double the 1969 figure, despite a variety of government measures to overcome the problem.

Federal initiative was taken in the form of the innovative OFY program launched in March 1971. Insofar as it affirmed the ability of young people to create and accept responsibility for implementing worthwhile community projects, OFY was conceptually a marked departure from previous forms of student employment.

Through OFY the federal government invites young Canadians to work together, develop project proposals, submit them to the government for approval and implement them with federal funds. OFY, then, is a tool for developing in Canadian youth the kinds of organizational and

social skills and individual and group responsibility needed for their project and for the future.

OFY allows students to search the depths of their ingenuity--the types of project ideas that can be submitted are limitless.

An example: Six students in Vancouver were granted \$9,152 for the project "Audient-Aid". Hard-of-hearing people helped others with similar hearing problems to adjust to the working world. Activities included providing information on services available, counselling and publicizing problems of those with hearing difficulties.

From the department's perspective, preference is given to project submissions that attempt to find new solutions to problems or that create new approaches to community service which do not duplicate existing programs.

Project selection is made after extensive consultation with civic officials, Members of Parliament, provincial government officials, agency personnel and knowledgeable local citizens.

OFY participants are encouraged to use the experience and resources available in the community. In fact 90 per cent of OFY people we have surveyed were aware of this, and 60 per cent said they benefited from local expertise.

This sharing of resources illustrates the flexibility of the program and in large measure contributes to its success. Consistent with this sharing is the fact that projects are independently carried out by the participants who among themselves have equal status vis-à-vis each other and as well accept full responsibility and

accountability for the project's operation, success or failure. OFY officers and auditors from the Department of Supply and Services make on-site reviews of projects to ensure that the interest of all parties and the intent of the activity are "on track".

The continuing potential of the OFY program lies in its ability to provide an avenue through which successive groups of young people -- more than 120,000 individuals to date -- can make use of this federal resource to discover and develop their own potential and that of their communities.

OFY--1974-75

The department analyzed 8,703 OFY project submissions in 1974-75; approved 3,876 projects which created 27,525 jobs with a total commitment of \$26,335,000. The breakdown of funds by province was as follows: Newfoundland - \$1,010,775; Nova Scotia - \$1,134,828; Prince Edward Island - \$189,202; New Brunswick - \$949,564; Quebec - \$9,315,236; Ontario - \$7,554,313; Manitoba - \$1,196,404; Alberta - \$1,698,757; Saskatchewan - \$1,074,473; Northwest Territories \$144,864; British Columbia - \$2,047,959; Yukon - \$18,603.

In 1974 funds were allocated to the department's 33 Management Areas - each comprised of several Canada Manpower Centres.

One-third of the funds were allocated to Management Areas on the basis of the distribution of the population 15 to 25 years of age in the areas, as revealed by the 1971 census. The remaining two-thirds were distributed in accordance with a prescribed formula which took into account, by area, the number of jobs of a type normally available to young people and the youth population.

The basic criteria for approval were youth involvement in planning and implementation, innovation in the services provided, amount of community benefit and support, number of jobs created and the budget involved.

Each year the number of projects proposed has far exceeded the number that could be supported with available funds. Selection was based on whether the project responded to community needs in the fields of social service, information, recreation, culture or artistry, environment, research or business. The breakdown is as illustrated.

PROJECT TYPES OR ACTIVITIES 1974

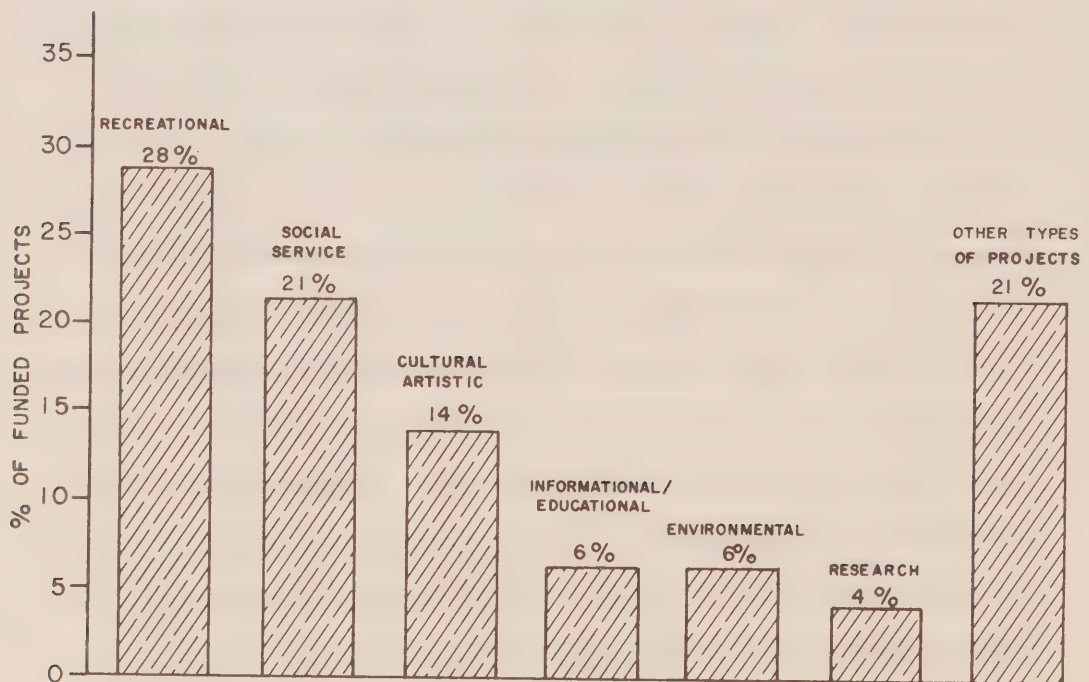


FIGURE 1

The bulk of the 1974 OFY population was divided fairly equally among secondary, community college/CEGEP, and university students, with non-students making up 8.5 per cent of the year's participants.

STRENGTHS

Community Contact

A look at those groups who benefited from the OFY program clearly shows that the great majority of projects were designed to provide useful community services. Forty-three per cent of all projects were aimed at children, students and all youth; 32 per cent were for the community as a whole; eight per cent for the handicapped, and seven per cent were aimed at the senior citizen. A survey of participants indicated that 99 per cent felt their projects were successful to some degree in achieving their stated goal of providing a useful community service.

A distinctive feature of OFY is that projects have closely co-operated with both the government and the private sector. One in three projects, regardless of the type of activity, established contact with federal or provincial government departments, social service agencies, municipal governments, citizen's groups or clubs, commercial enterprises, merchants or the media. Over 50 per cent of the projects reported contact with schools, universities and private citizens. Close to 24 per cent of all projects reported having established contacts with all the aforementioned groups during the operation of their project. Through this close liaison with both government and community, the participants felt that they not only gained useful experience and understanding but also that the project itself benefited. The benefits cited included increased public awareness of

the project from contact with the media, increased credibility of the project, and an increase in funding from private sector sources.

Social and Career Development

The question of whether the OFY program promotes the personal, social and career development of its participants is hard to answer; it involves dealing with long-term objectives. However, analysis of the 1974 program indicates a degree of success in this regard.

The two main reasons cited by participants for choosing OFY work are "the interesting nature of the work," and the fact that it "benefits the community". Participants also mentioned that the work "let me develop as a person," "is career oriented," "offers more freedom," and "leads to other employment in the future." In the absence of OFY work most said they would have looked for other paid work. Only two per cent said they would have participated in unpaid volunteer work in the community.

When asked to what degree the project activities related to their own field of study, about three-quarters of the 500 workers surveyed felt that it was partly or fully related. A higher degree of relevancy was noted among participants who were at the post-secondary level of education, but it is interesting to note that even at the secondary school level students perceived job relevance and personal satisfaction in their projects.

Analysis of whether participants felt that their particular job in the project could be related to future career plans showed that almost two-thirds thought of their project job as leading to a career, and one-third did not. Of those who had been on an OFY project

before, -- 27 per cent of those interviewed -- 82 per cent reported that the OFY experience had contributed in varying degrees to their present educational and career plans.

RELATEDNESS OF OFY 1974 EXPERIENCE TO FIELD OF STUDY

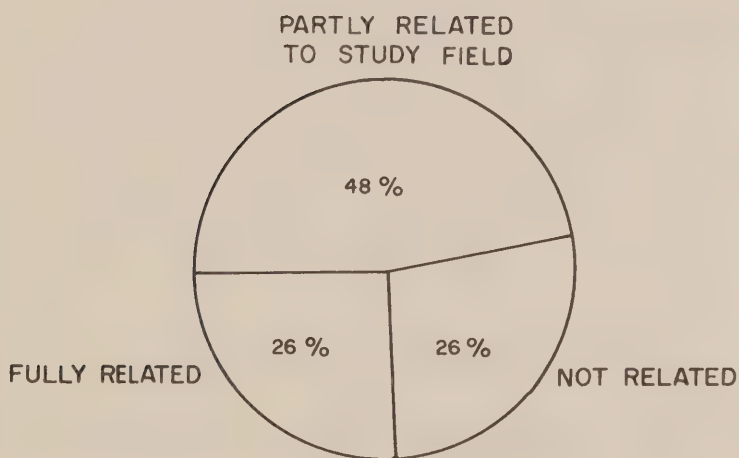


FIGURE 2

It appears, therefore, that the OFY program provides ample opportunity for its participants to acquire or demonstrate various skills and makes an effective contribution to the participants' long-term educational and career plans.

Job satisfaction was very high among all participants. Most expressed a great degree of commitment to their project activities and were well satisfied with the results of their own and other's efforts as the following diagram illustrates.

OVER-ALL SATISFACTION WITH PROJECT PARTICIPATION - 1974

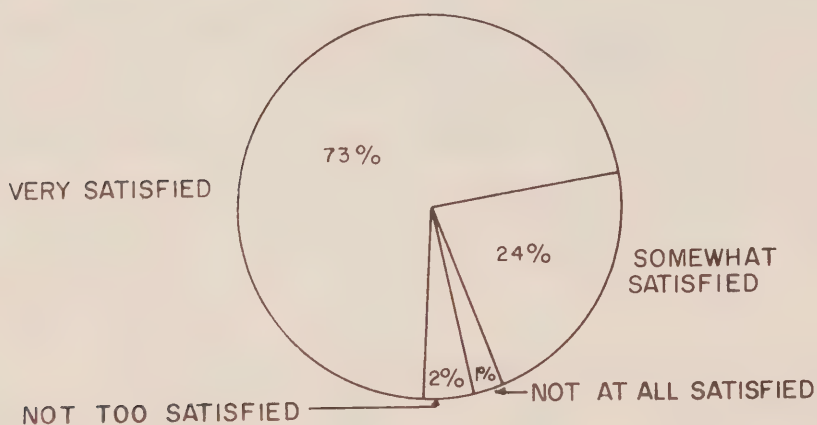


FIGURE 3

Equality

With regard to the levelling of social and economic inequalities, especially those expressed by minority groups and women, the 1974 program was by far the most successful. Compared with previous

years, the ratio of female to male participants was greater, as were the number of rural versus urban projects. The distribution of participants by sex and location is illustrated in the following graphs.

1974 PARTICIPANTS BY SEX

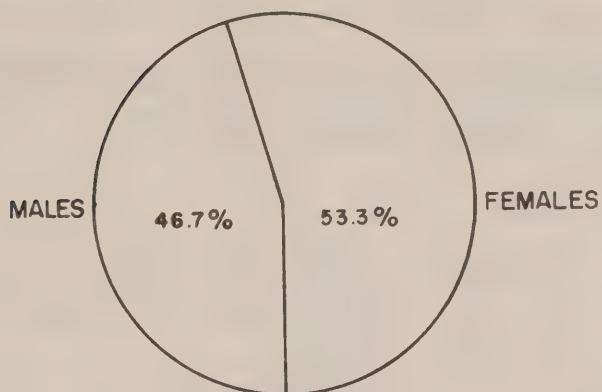


FIGURE 4

PERCENTAGE OF RURAL/URBAN PROJECTS-1974

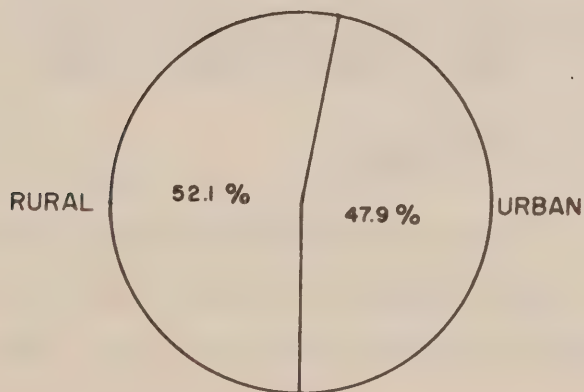


FIGURE 5

One of the targets of OFY-that of providing employment opportunities to lower income groups and to those most in need of financial assistance to continue their studies-varied by region. When the total income of OFY participants and their families was compared to Canadians (i.e., 1972) the following distribution of family income emerged.

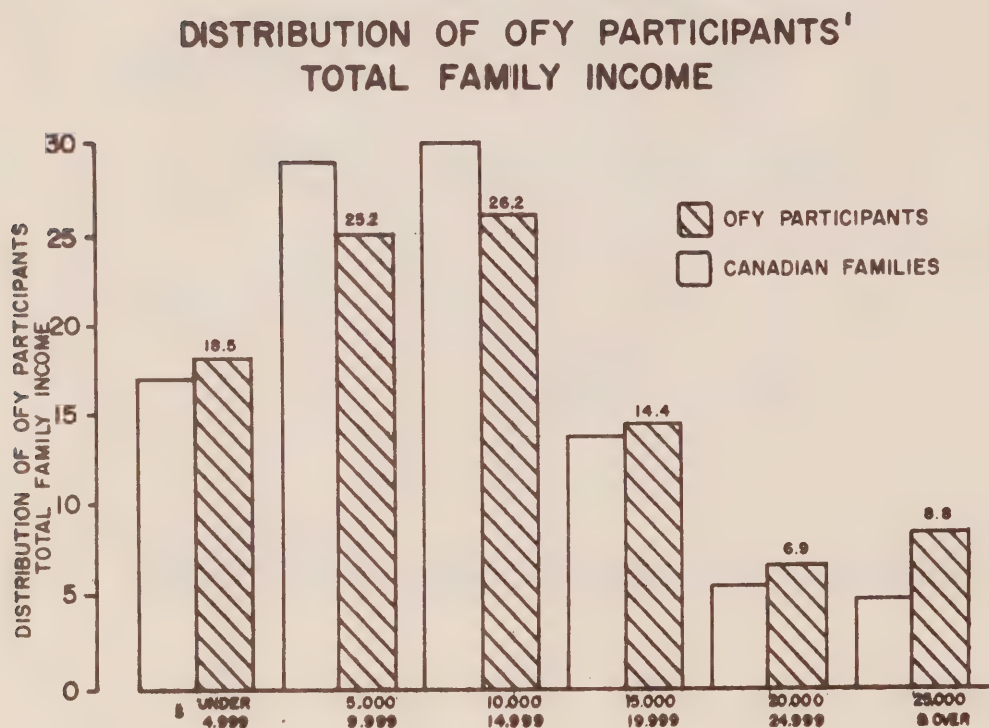
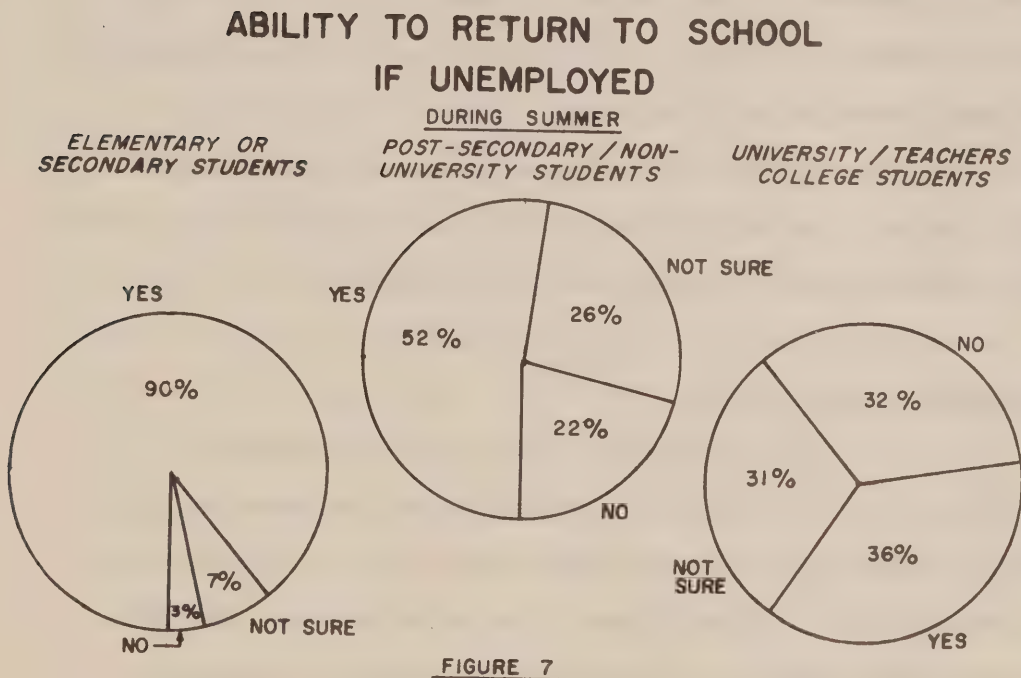


FIGURE 6

Fifty-one point four per cent came from the \$5,000 to \$15,000 income group, 18.5 per cent came from the less than \$5,000 income group and 30.1 per cent came from the \$15,000 and over income family group.

Financial Support for Education

All students are definitely not equal in terms of financial needs. The greatest disparity between expected educational costs and financial assets was displayed by university students. The higher educational costs of post-secondary students clearly affects their ability to return to school if they are unable to find suitable summer employment. This is demonstrated in the following diagram which indicates the problems of post-secondary students unable to make money during the summer.



In 1974, as in the previous year, secondary students received salaries of up to \$70 per week and post-secondary students \$90 per week. The \$20-a-week higher payment to all post-secondary students did not appear to be sufficient, especially for those planning to attend college or university. As a result, the 1975 OFY program has increased the salary levels and the proportionate difference between post-secondary and secondary - \$110 weekly and \$80 respectively.

While this may not enable students to save enough to cover all their costs of returning to university, it does reduce the economic barriers. Without the job, as can be seen from the survey fundings noted above, many would surely not have been able to return. It is the belief of program officials that to increase further the level of payment would be at the cost of reducing the number of participants who can avail themselves of this source of financial assistance.

Cheques issued locally to participants through regional offices helped speed up delivery to projects in the more remote areas. The average duration of project activity was about 10 weeks.

Limitations and Criticisms

Any job creation program, by its nature, is subject to public scrutiny as it well should be. Some individuals and groups offer valid, helpful critiques; others demonstrate a bias which may or may not be supportable. Since Manpower is a people-oriented organization, it follows that there will be--and are--limitations and weaknesses in the delivery of the services it provides. Often, however, there may

be legitimate restraints which when identified respond to the type of criticism that begins with "Why don't you do this?...or that?"

Some OFY participants have criticized the late announcement of forthcoming programs. We advanced the 1975 announcement by 30 days. To improve on that would be virtually impossible because it is necessary to first develop estimates of student unemployment upon which allocation of funds rests.

It is occasionally argued that the program, by offering self-defined jobs to youth, is destroying the work ethic. Recent studies have shown however, that the young are still very much willing to work, although they definitely have high expectations as to the satisfaction and contribution any job might make to themselves and the community.

A further criticism of the program has come from employers who allege that OFY draws young people away from their pool of seasonal labour. Since funds are allocated primarily to areas of low employment opportunities this criticism is unfounded. The reasons for any continuing lack of labour availability may well lie in the type and conditions of such employment.

It has been frequently charged that OFY projects have been operating in isolation from the community surrounding them. That this is not generally the case can be seen from the findings noted earlier. In general, projects seek to co-operate with relevant related agencies- public and private. However such a relationship can be detrimental or beneficial to accomplishments of project goals, depending whether the agency's stance is supportive or paternalistic. In any event, it

is part of the participants' experience and learning process to decide how much co-operation should be sought. The OFY contract gives young people a basis from which to start, an advantage which most youth do not have in their communities.

One of the most frequent criticisms of OFY projects from the participants is the inability to achieve a long-term goal in the short space of a summer project. It is claimed that the objectives of helping to promote the social and career development of participants and reducing the social and economic inequalities experienced by some groups often require long term projects. OFY is neither designed nor well suited to achieve these goals. For example, the development of a project in one area may require many months of preparation before the group will be able to be mobilized towards acceptance of responsibility for attaining project goals. On the other hand, students in another area, experienced in organizational matters, may only need the short space of a month or less to develop a project complete with goals and operational needs.

The program is generally directed to students and not the youth that remain unemployed during the winter months. While it appears that the Local Initiatives Program does employ some youths, it still leaves many in search of work. Youth remain an under-utilized sector of the work force.

While these are indeed limitations, they are seen to be so in terms of the complexity of the situation with which we are confronted today. Thus these limitations should be viewed as continuing problems, and OFY, as presently constituted is not, necessarily, the best mechanism to deal with them.

SUMMARY

It is not possible for one program to be all things to all people.

In summation it can be said that seen from the foregoing analysis the Opportunities for Youth program has proved to be an effective means of providing employment for students during the summer months, particularly in areas of limited job availability.

Organizationally OFY has developed a capacity to deliver its program, with minimal time spent in gearing up, and at comparatively low overhead operating costs.

The distinctive approach of the program results in the creation of employment which, as well as being of social benefit to the community in which the activity occurs, meets a particular need of young people in the area of development of social and practical skills as well as career assessment and planning.

III LOCAL INITIATIVES PROGRAM

In the fall of 1971, the federal government, faced with an unemployment rate of more than six per cent, introduced the Local Initiatives Program (L.I.P.) under the Department of Manpower and Immigration. The experience with the delivery of the Opportunities for Youth program provided the basic model for operating.

The Local Initiatives Program invites individuals, partnerships, groups, organizations, or municipalities to submit an application on which the nature of the work, the community need, and the project costs are outlined.

The objectives of the Local Initiatives Program are:

- to create employment that will reduce seasonal, regional and specific area unemployment and the structural unemployment on Indian reserves; and,
- as the means of reducing unemployment, to enhance the quality of communities through the provision of innovative and imaginative projects which will supply facilities and services previously non-existent or will utilize resources (including human resources) previously untapped.

Activities have included such things as day-care centres, renovation projects for senior citizens who are unable to fix up their homes, the construction of an outdoor skating rink, and language aid for new citizens.

The only limitation on the type of projects is that they are not to be profit-making; any revenues are charged against project expenses. Projects can, however, be directed towards becoming self-supporting either by revenues or contributions from other sources.

Projects must create employment for unemployed people who otherwise would not be able to find jobs. All projects must create not less than 15 man-months of employment.

Proposals are acceptable only if workers with the skills required for the project are available among the unemployed in the community where the project is to be carried out.

Project sponsors must hire all employees through Canada Man-power Centres with priority given to suitable applicants receiving Unemployment Insurance benefits or social assistance. A sponsor must hire people who are citizens or landed immigrants, but they must not be members of his immediate family.

The department pays sponsors or project managers up to \$140 per week; employee/participants receive the going local wage, not to exceed an average of \$115 per week. Additionally we contribute \$22 to cover administrative costs and employer contributions (e.g. UIC payments) for each individual work week. The current maximum federal contribution of \$75,000 is substantially less than the \$200,000 maximum in 1972-73 and the \$500,000 maximum in 1971-72.

Allocation of Funds-1974-75

The allocation of limited funds for L.I.P. has as its primary objective the meeting of the needs of jobless persons in those part of Canada where unemployment is most severe.

To achieve a just and equitable formula, the department:

-- examined Statistics Canada estimates of labor force participation and unemployment for 41 economic regions in the country and for the constituencies within those regions, then added estimates from a similar study covering native Indians on reserves; and,

-- made an independent estimate of clients registered for work at Canada Manpower Centres.

The final unemployment figure was obtained by combining these two estimates.

Funds were then allocated for 1974-75 on the basis of the number of unemployed beyond a four per cent base rate of unemployment, subject to a minimum allocation of \$75,000 in each constituency.

The effect of distributing L.I.P. funds equitably throughout the country was to provide approximately \$262 per eligible unemployed person.

Examples of funding:

If a constituency has an estimated winter unemployment rate of 10 per cent of a labour force of 23,156 persons, the base rate of four per cent is exceeded by 1,383 persons or six per cent. This number, multiplied by \$261.95, the amount available per eligible unemployed, yields an allocation of \$362,000, rounded to the nearest \$1,000.

Another constituency with an estimated unemployment rate of 3.5 per cent, 0.5 per cent less than the four per cent base rate, would receive the minimum allocation of \$75,000 because there can be pockets of unemployment in certain affluent areas.

The total L.I.P. funds for 1974-75 available for provincial distribution is \$84,356,100 distributed as follows: Newfoundland, \$8,446,100; Nova Scotia \$3,924,000; Prince Edward Island, \$1,109,600; New Brunswick, \$5,701,100; Quebec, \$36,673,100; Alberta, \$1,958,000; Northwest Territories, \$511,000; British Columbia, \$9,825,600; Yukon, \$285,000.

PERCENTAGE OF PROJECTS BY ACTIVITY AND SPONSOR 1973-74

ACTIVITY	SPONSOR										
	LOCAL GOVERNMENT BODIES	OTHER GOVERNMENT AGENCIES	INDIAN & ESKIMO GROUPS	CULTURAL GROUPS	RELIGIOUS GROUPS	SERVICE & WELFARE ORGANIZATIONS	BUSINESS & LABOUR ORGANIZATIONS	CITIZENS COMMITTEES	RECREATION & LEISURE ORGANIZATIONS	INDIVIDUALS	TOTAL
BUILDING CONSTRUCTION	3.5	1.3	3.2	0.9	2.3	2.3	0.4	2.8	3.5	1.6	21.8
NON-BUILDING CONSTRUCTION	5.7	0.9	1.3	0.2	0.2	0.4	0.3	1.5	2.6	2.4	15.5
LANDS, PARKS & FORESTRY	3.1	0.8	0.8	0.4	0.1	0.2	0.3	0.4	1.2	1.2	8.5
ARTISTIC & CULTURAL	0.1	0.2	0.3	1.9	0.0	0.2	0.1	0.2	0.2	1.7	4.9
EDUCATION	0.2	1.2	0.2	0.5	0.2	2.3	0.3	0.7	0.4	2.5	8.5
INFORMATION	0.1	0.1	0.1	0.2	0.0	0.3	0.2	0.9	0.0	0.9	2.8
SOCIAL SERVICES	1.0	0.7	1.5	0.7	0.7	6.4	1.1	4.4	1.1	10.7	28.3
HEALTH SERVICES	0.0	0.2	0.0	0.0	0.0	0.5	0.1	0.1	0.0	0.2	1.1
SPORTS & RECREATION	0.7	0.4	0.1	0.2	0.0	0.1	0.2	0.4	1.9	0.9	4.9
RESEARCH	0.6	0.3	0.0	0.6	0.0	0.4	0.3	0.4	0.2	0.9	3.7
TOTAL	15.0	6.1	7.5	5.6	3.5	13.1	3.3	11.8	11.2	23.0	100.0

FIGURE 8

Activities and Sponsors

When looking at project activities and sponsors, data on the 1973-74 program shows that individuals (23 per cent) are the most frequent sponsor, followed by local government bodies (15 per cent) service and welfare organizations (13.1 per cent) citizen's committees

(11.8 per cent) and recreation organization (11.2 per cent). Social services (28.3 per cent) are the most frequent type of project, followed by building construction (21.8 per cent) and non-building construction (15.5 per cent).

STRENGTHS

Initiative and Imagination

Initiative and imagination of project sponsors make the Local Initiatives Program a success. The people applying for grants and operating the program brought an energetic response to the winter unemployment problem of 1971-72. This response has grown in each succeeding year, with requests for funds far exceeding the available funds.

Community groups and political leaders have come together to deal with specific community needs.

The definition of community needs by non-established groups pointed out to communities and the federal government that the priorities set by professionals were not necessarily the same as those of the grass-roots sector.

New services have been started, enhancing the quality of life for many Canadians. For example, a tremendous number of day-care centres created as a result of L.I.P. initiative, are continuing successfully with provincial and community support.

In the three first years of the Local Initiatives Program, some 44,000 application were received, of which approximately 15,000 were approved. Many innovative services and much needed facilities

were created. Even those applications which were not approved were valuable in that they articulated demands and needs for various kinds of services in the community. This articulation is refreshing in an era of apparent alienation and apathy.

Furthermore, about half the projects surveyed in a study were found to provide products and services for which no alternative existed in the communities involved. In the 50 per cent of cases where L.I.P. provided a supplementary product or service for which alternatives did exist, there were strong indications that the communities' needs were often greater than the available services -- L.I.P. was a welcome addition. In fact, between 70 and 90 per cent of the projects were doing work that would not have been done without L.I.P. These findings are consistent with John Kenneth Galbraith's contention that in our present socio-economic system, private goods and services are well supplied even to the point of being over supplied, while there is always a shortage of government and non-profit institution-supplied goods and services. The tiny Nova Scotia community of Inverness, which has received an infusion of L.I.P. funds, makes Mr. Galbraith's point. (The Inverness experience is outlined in Appendix II.)

Perhaps the strongest indication of community support of L.I.P. was the finding that 62 per cent of the projects were part of the activities of a larger organization, and that 38 per cent were receiving additional funds from other sources. Such support provides a tangible expression of the willingness of communities to become involved in L.I.P. projects.

Finally, on the subject of "worthwhile" employment and employee job satisfaction, one again finds that L.I.P. reached a high plateau of success. Many employees became highly involved and were willing to work long hours to ensure the success of their projects.

This same study also confirmed a high degree of job satisfaction among the employees. In interviews with more than 1,400 workers on the 150 representative projects, researchers found that 87 per cent of employees were satisfied with the feeling of accomplishment given them by their L.I.P. experience.

About the same proportion felt the L.I.P. afforded satisfactory opportunities to use their own abilities to best advantage. On the negative side, more than one-third were dissatisfied with the wages and half were dissatisfied with the job security element. Given the structure of L.I.P. these problems could not be avoided.

Community Betterment

A study of the "worth" of L.I.P. Projects indicates strongly that the goods and services produced by them were definitely valued by the receiving communities and that as a consequence, L.I.P. workers found their participation rewarding and generally "worthwhile."

According to community Leaders, L.I.P. participants and users of L.I.P. products and services, 86 per cent of a sample of 150 projects in 30 communities were definitely needed. The need for the remaining 14 per cent was doubtful. Given that most projects were meeting perceived needs, L.I.P. tended to have wide acceptance in the community. Nearly 70 per cent of the projects were judged to enjoy a favourable attitude among people in their communities.

L.I.P. projects are in many ways like small businesses. And, as in any new business, some wastage of funds is to be expected due to inexperience and errors of judgement. In the eyes of community leaders interviewed, only six per cent of L.I.P. funds were "wasted" in the context of providing no tangible benefit.

Balancing "what the community gets" against project costs, about 38 per cent of L.I.P. projects were considered by the community to have yielded a definite bargain for the funds expended. An additional 36 per cent were considered to be just worth the cost, while the remaining 26 per cent were classed as too expensive in relation to their benefits.

Impact on Seasonal Unemployment

One can present a powerful case to support the view that reducing seasonal unemployment is a high-priority objective and that despite the amount of money being spent on unemployment-oriented activities, a program aimed at reducing seasonal imbalances is a necessary part of policy.

In two separate studies on regional unemployment disparities, one by Wayne Thirsk for the Prices and Incomes Commission, and an independent study by Arthur Donner and Fred Lazar, it was found that seasonal unemployment comprised the main component of "hardcore" unemployment in the five principal economic regions of Canada--the Maritime provinces, Quebec, Ontario, the Prairies and British Columbia.

Moreover, when the national economy is operating at full capacity, seasonal unemployment variations are the main contributors to the remaining regional unemployment disparities.

Hence, efforts to reduce the degree of "hardcore" unemployment, the type of unemployment considered by many to produce the most destructive social and economic effects, and to narrow regional unemployment rate disparities will prove largely futile if they are not concentrated on seasonal unemployment.

The links between seasonal unemployment, regional disparities and hardcore unemployment emphasize the wisdom of tying the allocation of L.I.P. funds to the regional differences in unemployment and to the incidence of unemployment among Indians. These distribution criteria strengthen L.I.P. as a tool for reducing both regional unemployment disparities and hardcore unemployment.

In addition, there are several other beneficial spin-offs from a program tackling seasonal unemployment.

(1) Seasonal unemployment tends to be a prime contributor to poverty. A large majority of the working poor suffer from both seasonal unemployment and low wages with seasonal unemployment exacerbating the effect of low wages. For example working a full week (40 hours) for a full year (50 weeks) at a wage of \$2.00 per hour yields an annual income of \$4,000 -- an amount well below the Croll Committee poverty line for a family of four. If seasonal unemployment is also incurred, annual earnings may drop by \$1,000 or more. Thus, reducing seasonal unemployment will also contribute towards reducing the incidence of poverty.

(2) It is generally accepted by economists that the inflation-unemployment tradeoff can be improved if the levels of hardcore unemployment are reduced. Consequently, reducing seasonal unemployment will go a long way towards decreasing hardcore

unemployment and will enable the government to both achieve a lower level of inflation for any given rate of unemployment.

(3) Lower levels of unemployment reduce the gap between potential production of goods and services and actual production. Therefore, lowering the level of seasonal unemployment will generate a larger quantity of goods and services to meet the demands of Canadians.

In 1972-73, the last year for which data is most complete, the federal government committed about \$201 million for L.I.P. generating 325,000 man-months of employment.

No simple statistical tabulation could adequately describe the great variety and ingenuity of suggestions that came forward when citizens were given the opportunity to propose, and actually implement solutions to the vexing problem of unemployment, while at the same time performing a useful community service.

With a variety of projects to choose from, both as to type of activity and geographical location, the task of matching the employment generated by L.I.P. to the characteristics and skills of available local workers was greatly simplified - an advantage potential alternatives would be hard pressed to overcome.

Indeed, what is unique about L.I.P. is undoubtedly the very marked departure from traditional public works approaches to the absorption of surplus labour which could not have been as effectively brought about except by inviting participation from those most directly affected by unemployment.

L.I.P. was able to create one man-year of employment for every \$7,500 spent in 1972-73. This compares favourably with an

overall average cost of \$13,600 for every man-year of employment produced by the Gross National Expenditure. The discrepancy lies in the fact that the national average takes into account capital expenditures - equipment which the worker operates - of the employer.

There are two reasons for L.I.P.'s relatively better performance in generating jobs per dollar expended. L.I.P. projects tended to be labour intensive and obviously more labour intensive than the average job in the economy. Secondly, the average salary on a L.I.P. job was about 10 to 20 per cent below the national average for a full-time job.

To fully assess the employment impact of L.I.P. it is necessary to determine the labour force status of program participants.

As the table in figure 9 demonstrates, L.I.P. attracted an overwhelming proportion of workers from the ranks of the unemployed - 60.6 per cent directly and an additional 11.2 per cent indirectly (employed, expecting layoff) for a total of 71.8 per cent.

LABOUR FORCE STATUS OF LIP WORKERS IMMEDIATELY PRIOR TO LIP (1972-1973)

	<u>MALE</u>	<u>FEMALE</u>	<u>TOTAL</u>
EMPLOYED-STEADY, FULL-TIME	7.2	6.3	6.9
EMPLOYED-STEADY, PART-TIME	1.7	4.2	2.5
EMPLOYED FULL TIME, EXPECTING LAY OFF	9.8	6.6	8.9
EMPLOYED PART TIME, EXPECTING LAY OFF	2.1	2.8	2.3
UNEMPLOYED	67.1	46.1	60.6
HOUSEKEEPING	0.7	22.4	7.3
RETIRED	1.1	0.5	0.9
AT SCHOOL	4.7	5.1	4.9
OTHER	5.6	6.0	5.7
TOTAL	100.0 %	100.0 %	100.0 %

FIGURE 9

If one adds to the 71.8 per cent total the 7.3 per cent of L.I.P. participants whose prior activity was housekeeping, then more than 79 per cent of program participants required employment. This overall figure clearly indicates that L.I.P. had a substantial impact on unemployment.

Although they are not recorded in official labour force statistics, "housekeepers" comprise what economists have labelled the "hidden" unemployed. This phenomenon is no less important than the officially recognized unemployed. Clearly the social and economic costs associated with hidden unemployment must be considered in the overall costs of unemployment.

In fact it is conceivable that women attracted to the labour force would have entered it regardless of the existence of L.I.P. if jobs had been available. When the male member of a family is unemployed or if his income is insufficient to meet family needs, the wife could be "forced" into seeking employment. She may not have been recorded in the official labour force statistics if there simply were no jobs available to her.

The data, then, tend to support the position that many of the "housekeepers" attracted into the labour force required employment and so were among the hidden unemployed. (This, in turn, supports the position that they should be included with the unemployed.) For example, just over 73 per cent of all the female participants in L.I.P. projects depended on unemployment insurance, welfare or family support as their main source of income. Moreover, 17.7 per cent of the female participants were members of families where the male member was the prime income earner and total family income fell below the poverty

line. From these and other data, one can see that income deficiency must have been an important factor stimulating female involvement in L.I.P.

Low income was a decisive factor in the involvement of many males in L.I.P. activities. Approximately 67 per cent of males employed in L.I.P. projects had relied on unemployment insurance benefits, welfare or family support for their main source of income. Another startling statistic is that 43 per cent of male participants came from families where the family income fell below the poverty line.

Thus, L.I.P. not only attracted workers primarily from among the unemployed but also from among those most in need of employment and earnings.

Although tackling poverty was not listed as a prime L.I.P. objective, the program proved to be highly successful in dealing with poverty. Dependency both upon family members and upon welfare funds dropped sharply after the program in comparison with the pre-program levels. Moreover, unemployment insurance benefits became less important among males after L.I.P. In summary, then, twice as many males and one and one-half as many females depended on earnings and savings after L.I.P. than had done so prior to the program.

Financial Impact

The net cost to the federal government for operating L.I.P. was less than the gross expenditures of \$200 million in 1972-73.

The provision of L.I.P. employment to unemployment insurance and welfare recipients resulted in savings through reduced unemployment insurance payments, increased unemployment insurance premiums, and lower welfare expenditures. Additionally, L.I.P. generated higher

personal incomes on which program workers paid income tax thus bolstering national revenue. It is extremely difficult to calculate the savings. Estimates of the savings range between 7% and 40% depending on assumptions made.

As with any government or private sector expenditure there are spin-off or secondary spending and employment effects. The money earned and spent by L.I.P. participants creates additional demands for goods and services and the multiplier principle follows. The increased demand is translated into additional production, employment and eventually income. The income generated induces, in turn, more production, employment and income.

In a macro-economic study of the impact of L.I.P. it was found that program expenditures of \$490 million between 1972 and 1974 resulted in an increase of \$723 million in Gross National Product.

In fact, the lagged or downstream effects of L.I.P. are predicted to increase GNP by an additional \$140 million during the period from 1975 to 1978. Obviously L.I.P. has had and will continue to have a substantial secondary impact on the level of national production of goods and services.

A recent study estimated that L.I.P. generated an additional 4,000, 8,000 and 3,000 man-years of employment in 1972, 1973 and 1974 respectively.

Limitations and Criticisms

It could be said that L.I.P. provides solutions to general unemployment rather than seasonal unemployment and, secondly that it competed unfairly with industry for workers.

Regarding the first point, thirty per cent of all L.I.P. workers who had been unemployed prior to L.I.P. had been without employment for a minimum of 21 weeks. Five per cent had suffered a period of unemployment longer than 50 weeks. Evidently L.I.P. provided employment for a substantial number of people who had been unemployed for an extended period of time. The fact that L.I.P. attracted long-duration unemployed into the program should not be construed as a shortcoming. On the contrary, this should be regarded as a major accomplishment for L.I.P.

People have argued that the program competed unfairly with industry for workers, and the process caused a significant increase in wage rates for the affected industries. However, a study based on the expression of attitudes by the employees and employers sampled concluded that L.I.P. did not compete unfairly with employers. Environmental factors attracted some workers to L.I.P. projects, but in terms of pay, job security and work conditions, L.I.P. projects were not competitive.

SUMMARY

The Local Initiatives Program has created approximately 238,200 jobs in the four years since it began, and reduced regional disparities thus reducing poverty; it has involved hundreds of thousands of Canadians in the welfare of their communities, and assisted groups in articulating personal and community service to other levels of government and agencies.

In certain depressed areas, such as those suffering long-term effects of declining industries or those resigned to general winter unemployment, L.I.P. has been credited with stimulating a new sense of optimism, and with it awareness of the need for planning at the local level.

IV LOCAL EMPLOYMENT ASSISTANCE PROGRAM

Initiated by the department in the autumn of 1972 as another step towards finding solutions to the problem of growing numbers of chronically unemployed Canadians, L.E.A.P. is a low-profile program which unlike OFY and L.I.P., does not solicit proposals from the public.

The Local Employment Assistance Program funds projects that will contribute to the on-going self-sufficiency of project participants by providing resources such as occupational training, life and communications skills, counselling and placement. Where jobs do not exist or are inappropriate, a L.E.A.P. project may develop a small business enterprise, designed to create on-going positions for its participants.

A vital element in L.E.A.P. activities is the encouraging of participatory management, where appropriate, by project managers. The acceptance of responsibility for developing and managing a project helps reduce employment barriers for many participants. In addition to the skills learned on a L.E.A.P. project, participants occasionally acquire additional skills through specific training programs such as Canada Manpower Industrial Training Program.

OBJECTIVES

The Local Employment Assistance Program provides support to projects that create employment opportunities for people who would likely remain unemployed despite normal labour market activity. While remaining consistent with the overall objectives of the department, the Local Employment Assistance Program focuses on two major objectives:

1. To develop new approaches to long-term job creation for target groups defined specifically as those persons who are unable to maintain regular and adequate employment and earnings because:
 - (1) they lack marketable job skills, or
 - (2) they reside in a geographic location that is divorced from the mainstream of Canadian economic development, or
 - (3) they are subject to racial or cultural prejudices particularly as they apply to people of native origin, or
 - (4) they have social, mental or physical disabilities such as chronic dependency, a criminal record, alcoholism, retardation or physical disabilities which create barriers to employment.
2. To create employment opportunities that will contribute to the on-going self-sufficiency of predetermined target groups and/or communities.

DESCRIPTION

L.E.A.P. officers are located in Job Creation offices in every province. Through consultations with others who are concerned with the disadvantaged (such as other federal, provincial and municipal departments and social agencies), L.E.A.P. officers identify groups of people and communities likely to benefit from the program. The target groups are essentially those people who have the potential to become self-sufficient.

Once target groups have been identified, and as project proposals are developed, the officers identify financial and non-financial resources for projects. However, they encourage the project managers to actually mobilize those resources. Sponsors may

be voluntary non-profit groups, citizen's organizations, community corporations, cooperatives, individuals, or municipalities.

Projects can be funded to a maximum of 3 years, at a maximum annual contract of \$200,000.

Selected projects may be supported for a research or developmental phase up to a maximum of six months, before the three year period begins.

Wages paid are determined by local rates for similar occupations. Federal contract funds are normally used for wages, employer contributions for employee benefits, and reasonable administrative overhead costs. In certain projects, special costs such as expert supervision, evaluation, training or counselling may be approved by the department if they are necessary to the achievement of project objectives, provided they do not exceed 20 per cent of the basic budget.

Because there are no proposal submission deadlines, the projects fit into a long-term framework in the general community development process. Thus groups are not forced to present their project proposals prematurely. Project officers frequently visit projects as they develop, an opportunity made possible by the low ratio of projects to field personnel - approximately 8 to 1.

Four basic operational strengths have contributed to the early success of L.E.A.P.: the six-month developmental phase; the long-term funding which continues up to a three-year period; the many services of the Department of Manpower and Immigration available to projects (for example, the Life Skills Program, Vocational Training, and the Canada Manpower Centres); and the flexibility of job creation

field staff in dealing with projects, keeping to minimum governmental administrative requirements, that might obstruct the progress of a project.

One example of a L.E.A.P. project is Groupe Arts-Concept Inc. in Montreal which employs 25 people with an annual federal contribution of \$197,000. On this project, women parolees are learning the skill of hand-crafting copper-enameled jewelry and goblets. The project's potential for economic viability is good, and the women themselves are participating in managing this co-operative enterprise.

In December, the women were given special parole leave to sell their products at a Christmas exposition in Montreal. The sales and enthusiastic reaction to their crafts made the experience a successful one.

PROGRESS

For the fiscal year 1974-75, commitments total \$12 million which provides 1,746 jobs in 126 projects.

Since the beginning of the program, 142 projects have begun, employing in total about 2,700 persons. Some 1,275 of these persons have left L.E.A.P., and 1,425 remain with their projects.

The experience of L.E.A.P. underlines the range of techniques available to effectively deliver programs in varying socio-economic and psychological climates. L.E.A.P. breaks from tradition and offers, through multiple mechanisms, opportunities for those persons who can't be served through traditional approaches.

Considering the universe of the program's participants, their socio-economic backgrounds and their fears, the fact that about

half of them left projects either to continue schooling or take a job in the labour market seems remarkable.

Thirty-eight per cent of the 1,275 participants left because they found jobs; another 8.4 per cent decided to pursue their education or seek training.

Some 13 per cent were dismissed by project sponsors who did not see these people as being compatible with the particular activities in which they were involved.

Household responsibilities and illness each caused about four per cent of participants to leave. More than 20 per cent left for other reasons for example, incarceration or relocation. The remainder - 10.4 per cent - did not give reasons.

The 48 per cent who left the program to enter the world of work or to improve their education represent in our view a convincing argument for L.E.A.P.'s "raison d'être."

STRENGTHS

Early indications are that the department has been successful in directing L.E.A.P. to specific target groups. Thirty-two projects, comprising 38.8 per cent of the program, have been initiated in response to the needs of rural and urban poor and welfare recipients.

The rest of the breakdown by target group (see Figure 10) is as follows: Handicapped persons - 15 projects or 17.6 percent of the

program; native people - 14 projects or 15.3 per cent; inmates/ex-mates - nine projects or 10.6 per cent; youth - eight projects or 9.4 per cent; women/social problems/ethnic groups - seven projects or 8.3 per cent.

DISTRIBUTION OF LEAP PROJECTS BY TARGET GROUP 1974

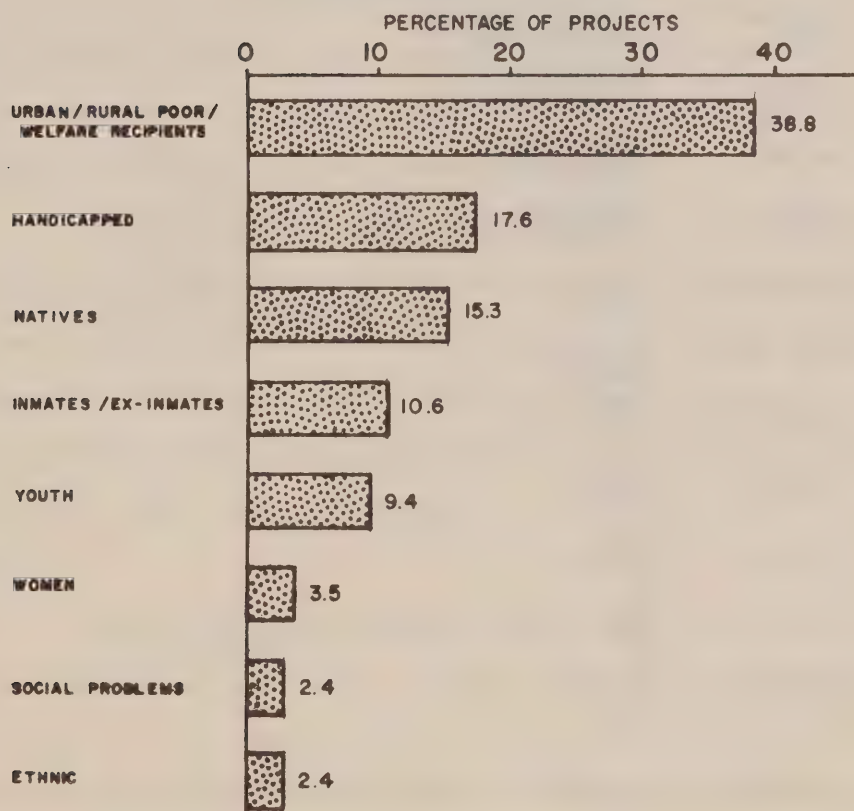


FIGURE 10

Projects involved in "production and trade," "renovation and repair," and "cultural/arts and crafts" activities make up more than half of all L.E.A.P. projects (see Figure 11). Most L.E.A.P. projects are located in urban areas, and one-third are in a rural setting.

DISTRIBUTION OF LEAP PROJECTS BY ACTIVITY 1974

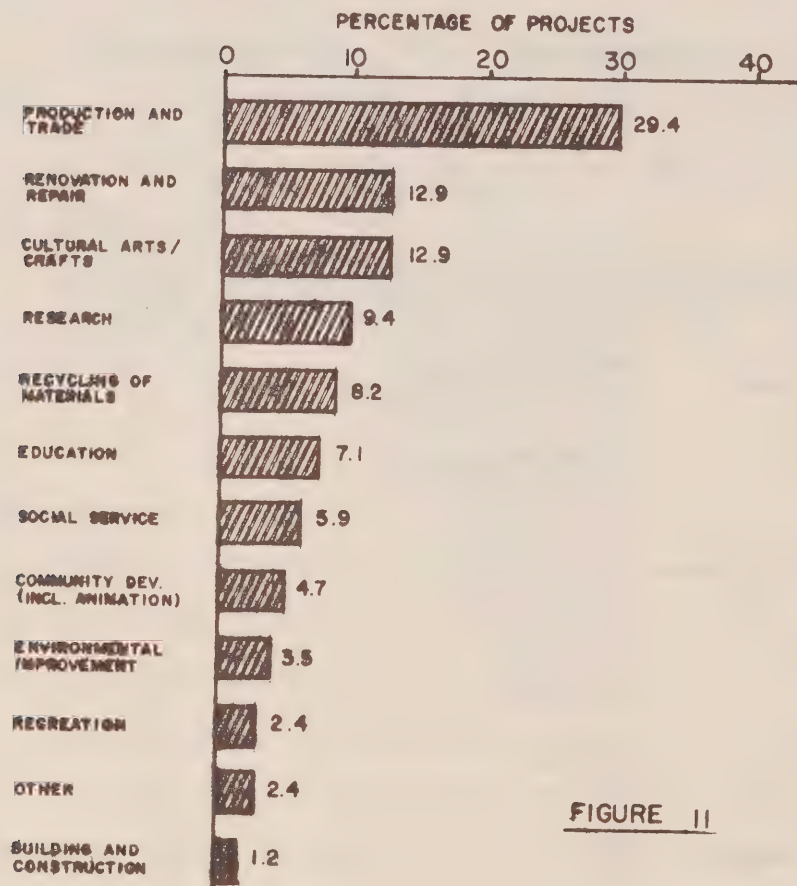


FIGURE 11

Community agencies or voluntary organizations are the leading sponsor group, but individuals, co-operatives and native groups sponsor a significant proportion of projects.

POTENTIAL

Are all "unemployables" really unemployable?

Under one L.E.A.P. project, a mentally retarded group, considered "unemployables," received training as painters. These people demonstrated skills that indicated they can be productively employed and, even more important, self-supporting.

This experience illustrates that in the implementation of innovative rehabilitation techniques, the restrictions imposed by job requirements and the attitudes of employers and training institutions are exposed.

Some job requirements, set by unions, professional associations, licensing bodies or employers, explain why some people who wish to work and are able to work find themselves unemployed and dependent upon social welfare payments.

Although it is too early to judge the results in benefit/cost terms, L.E.A.P. has the potential of being a less expensive alternative to social assistance and incarceration. The way the Local Employment Assistance Program achieves this social and economic saving for society is by offering participants an opportunity to develop themselves into productive, self-sufficient citizens.

SUMMARY

Experience to date suggests that L.E.A.P. is supporting three types of activities. The first and most obvious, is the development over the three year budget period of small entrepreneurial activities that have the potential for becoming self-sustaining. The second type is one wherein the project provides a work experience and a degree of

training which allows those for whom normal training experiences are not adequate to gain skills and attitudes necessary to enter and successfully compete in the existing labour market. The third type involves the need for a continuing level of support to variety of forms of "protected environment" employment. Some people in this third type of activity will be able to contribute to their own support but only to a limited extent and will therefore need a form of continued support.

V FUTURE CHALLENGES: WHERE DO WE GO FROM HERE?

In the future, communities under stressful economic conditions will require viable forms of productive social and economic activity based on real, immediate needs. With respect to those future economic needs, and indeed present economic needs of some communities, the experience of job creation programs has demonstrated the applicability of a method and style of job creation that is particularly indigenous and suitable to the Canadian environment.

Because of the structure of the Canadian economy and the nature of our geography, unemployment has traditionally been characterized by significant seasonal fluctuations as well as continuing pockets of structural or long-term unemployment.

A comparison of the breakdown of unemployment in the mid-60s and early 70s indicates that the proportion of seasonal unemployment is declining and the proportion of structural or continuing unemployment has increased. This means that a L.I.P.-style "stop-start" program, while remaining effective for seasonal peaks, cannot be, and was never meant to be, a solution to the problem of continuing unemployment. L.I.P. will continue to be an effective tool to be triggered by seasonal peaks for relatively short durations to deal with the traditional problem of winter unemployment in Canada. However, it cannot deal with the long-term unemployed or unemployable or the problem of geographically isolated and depressed areas which need among other things some sort of community-based entrepreneurial activities.

In its demonstration phase, L.E.A.P. has shown that people who have previously been labeled as unemployable or severely disadvantaged, can be trained and integrated into the labour force under the

proper conditions of work environment and psychological support. Very often it is not a problem of lack of specific abilities for these people, but more one of lack of human life skills and motivation which requires a longer term sympathetic work environment to ameliorate a poor self-image.

There are also a great number of people who have no individual disability or disadvantage other than the fact that they live in an area that is remote and removed from the economic mainstream.

Typically there is no lack of motivation to work if opportunities existed for people in these communities. Certain urban and rural communities need support in terms of small-scale, low-technology, small business or economic development. These are the communities where skills are available, usually associated with an indigenous trade or craft such as oyster farming, quilt-making or print-making etc.; but without local organization and commercial expertise to bring in the resources and exploit markets, local economic development languishes.

The development of the northern Eskimo communities around Eskimo prints and sculptures is a classic example of how small, isolated communities can, with some organization and marketing expertise, establish an economic base of their own.

The challenge for job creation is to go beyond the L.I.P. experience and begin to deal with the long-term structural problem of unemployment in the economically depressed areas of the country in concert with the more "macro" approaches of other departments.

The principles of such a model of community entrepreneurial or economic development, ought to remain focused on the individual and the community in which he lives, in the sense that there must be some sort of community participation in the definition of the activity and the needs of the community, and there must be joint or collective access to ownership and management.

The United States experience with Community Development Corporations under the legislation for the Office for Economic Opportunity has gone a long way in demonstrating the feasibility of this approach.

In fact many existing L.E.A.P. projects and entrepreneurial L.I.P. models are community development associations in different guises. Among these projects are several outstanding example of how a community can revive itself and establish an economic base by coming together around a relatively small-scale, low-technology business enterprise related to its indigenous skills and based on a collective organization.

Capital has always been a problem for such enterprises. But in co-operation with federal and provincial development bodies, enough capital can usually be secured to initiate a start-up and allow revenue to accumulate as working capital.

Because the people in communities involved in this challenge have not traditionally had access to normal commercial money markets, and do not have the established commercial skills required, it will be necessary to allow enough time for development of these skills by importing outside resources and expertise so that at the end of two or three years, the communities will have built up a sufficient resource base to carry on themselves.

The future challenges of job creation in Canada will depend upon changing economic conditions. What is more certain, however, is that specific social, structural and seasonal problems in different communities will require a varied and multiple approach. A great emphasis must be placed on the need for long term employment prospects based on local economic development.

APPENDIX IJOB CREATION 1973/74 and 1974/75FUNDS COMMITTED AND JOBS CREATED

<u>PROGRAM</u>		<u>FUNDS COMMITTED</u>	<u>NO. OF PROJECTS</u>	<u>NO. OF JOBS</u>
OFY	1974	\$26,335,000	3,846	27,525
	1975	24,695,000	unknown	unknown
L.I.P.	1973/74	69,353,000	3,425	30,643
	1974/75	84,356,000	4,202	30,353
L.E.A.P.	1973/74	5,450,438	106	1,534
	1974/75	12,000,000	126	1,746

APPENDIX IILIP Impact: Inverness, Nova Scotia

In 1971 the future of the community of Inverness, Nova Scotia, was bleak. Coal production, the major resource base, had virtually ceased, leaving the general economic condition extremely depressed. According to local experts, the employment level during the winter was 35 to 40 per cent.

In one generation the population had declined from 2,975 in 1941 to 1,846 in 1971. Five years ago, when the town went bankrupt and lost its incorporated status, it came under the administration of the county government.

Formal development planning for Inverness is done by the County Council; a new water and sewer system has been constructed, and there are plans for street paving.

Asked about community problems and prospects, the people of Inverness overwhelmingly saw industrial development as their prime need. They have demonstrated, however, that they can plan and carry out projects for themselves.

Over the period from January 1972 to May 1974, a total of 17 Local Initiatives Program projects were undertaken.

Eleven projects were for construction or repair of physical facilities. One dealt with environmental clean-up, and five provided social services.

The total expenditure for the seventeen projects was \$854,000. Of this amount, the federal contribution was \$565,000 - \$1,200 to \$1,400 per household in Inverness. Given that family incomes in Inverness average about \$5,500 per year, it is clear that the federal funds had a considerable financial impact.

The sponsors themselves contributed \$289,000 to the L.I.P. projects over the three years, about a third of the total project expenditures. During the first year of the program when the sponsors were perhaps hesitant to use their own financial resources for the projects, they contributed one of every eight dollars spent for L.I.P.; but in 1972-73 local sponsors accounted for almost half, and in 1973-74 fully one-half, of L.I.P. expenditures. Hence, in those two years each federal dollar spent for L.I.P. in Inverness resulted in two dollars worth of facilities, services and man-weeks of employment.

L.I.P. jobs over the three years created about 5,000 man-weeks of employment. Three thousand of those man-weeks were in construction jobs. Since the greatest percentage of registrants in the CMC serving Inverness are classified in the construction category, there was apparently a fairly good match between CMC registrants and the occupational skills required by projects. Similarly, the bulk of the unemployment in the area involves the unskilled or semi-skilled, and more than half the construction employment was in the unskilled category. Clearly, the L.I.P. construction projects were designed to employ the people who were in search of work.

On the other hand, the social-service projects illustrate the potential conflict between the "employment creation" and "community betterment" goals of L.I.P., in that the appropriate manpower to fill these jobs was not really available in the community.

Virtually all L.I.P. employees came from the ranks of the unemployed. No one left a job to become a L.I.P. employee. Persons did not quit school, nor leave retirement status, to take their L.I.P. jobs. A few women were homemakers.

The L.I.P. employees appreciated the program because they were glad to be working, especially at a job in their home community. The long-term residents of Inverness, together with the employers, likewise indicated strongly positive feelings about the job creation program. Wage rates for the L.I.P. projects were roughly comparable to the community's prevailing wage rates.

While most of the L.I.P. participants indicated satisfaction with their jobs, and the acquirement of new skills, the overwhelming majority indicated that their L.I.P. employment had little or no influence on their subsequent job patterns since there were no job vacancies in the community. It may be that some former participants, who moved from Inverness, found better jobs in their new communities because of the L.I.P. training, but there are no data available. Perhaps L.I.P., by providing temporary employment where otherwise there would have been none, played a part in discouraging some migration from the community. In any case, about 75 per cent of the respondents indicated their unwillingness to move from Inverness, even though they were aware of the lack of long-term employment prospects.

Because there are no alternative jobs for willing job-seekers, before of after L.I.P., it is difficult to evaluate movements onto and off unemployment insurance and welfare rolls. There are two findings in this regard which seem to conflict: there was an increase in UI claims for past participants after their L.I.P. employment period; and there is little evidence in Inverness that L.I.P. employment attracted people to labour force status.

The persons employed on L.I.P. projects were not the only ones to benefit. Due to the size and conditions of Inverness, most of the community took advantage of facilities and services generated through L.I.P.; indeed, a sample of households indicated that in four-fifths of the families at least one person benefited from a L.I.P. project. Facilities were built where none existed; homes were repaired; renovation made existing buildings usable for community events; new services were provided where previously none had existed. Participants had more money; and because they lived and worked in the same community, they spent their money there.

Four of the seven facility projects were well known and well used by the recipients - the two parish facilities that were renovated, the sports centre, and the fire hall. In general, the service projects were not as well known or used.

A major criticism of L.I.P. is that the jobs were not of a permanent nature. Others commented that some projects were of questionable benefits, or that some were poorly managed. Reflecting the conflict between the need for government support and the desire to be independent, there were comments to the effect that L.I.P. was just another form of government handout. However, virtually all Inverness residents believed that L.I.P. had benefited them in many ways.

In the opinion of some knowledgeable residents, L.I.P. had an impact in stimulating people to think more about community planning rather than expecting it to happen at the county level. Others credited L.I.P. with creating an air of optimism about the future.



FIRST SESSION—THIRTIETH PARLIAMENT
1974-75



THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

Issue No. 8

WEDNESDAY, MARCH 12, 1975

First Proceedings
on Supplementary Estimates "D" laid before Parliament
for the fiscal year ending March 31, 1975

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Jóan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio member*

(Quorum 5)

Order of Reference

Extract from the Minutes of Proceedings of the Senate of
Tuesday, March 4th, 1975:

With leave of the Senate,

The Honourable Senator Langlois moved, seconded
by the Honourable Senator Fournier (*de Lanaudière*):

That the Standing Senate Committee on National
Finance be authorized to examine and report upon the
expenditures set out in the Supplementary Estimates
(D) laid before Parliament for the fiscal year ending
the 31st March, 1975.

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Wednesday, March 12, 1975

(1)—(8)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9.30 a.m.

Present: The Honourable Senators Everett (*Chairman*), Benidickson, Graham, Grosart, Manning, Neiman, Sparrow and Yuzyk.

Also present, but not of the Committee: The Honourable Senators Argue and Goldenberg.

In attendance: Mr. J. H. M. Cocks, Director of Administration.

The Committee considered Supplementary Estimates "D" for the fiscal year ending March 31st, 1975.

The following witnesses were heard:

The Honourable Jean Chrétien
President of Treasury Board

Mr. B. A. MacDonald
Deputy Secretary, Treasury Board

Mr. R. L. Richardson
Assistant Secretary of the Program Branch
Treasury Board

Present but not heard by the Committee:

Mr. E. A. Radburn, Director, Estimates Division, Treasury Board

Mr. K. R. Murray, Assistant to the Deputy Secretary, Program Branch, Treasury Board

Miss L. Mill, Assistant to the President of Treasury Board

At 12:45 p.m., the Committee adjourned until Thursday, March 13, 1975 at 9.30 a.m.

ATTEST:

Georges A. Coderre,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Wednesday, March 12, 1975.

The Standing Senate Committee on National Finance, to which were referred supplementary estimates (D) laid before Parliament for the fiscal year ending March 31, 1975, met this day at 9.30 a.m.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, we are honoured to have with us today the President of the Treasury Board, the Honourable Jean Chrétien, in respect of supplementary estimates (D) for the fiscal year ending March 31, 1975. Accompanying the Honourable Mr. Chrétien are Mr. MacDonald, the Deputy Secretary, and Mr. R. L. Richardson, Assistant Secretary of the Program Branch, Treasury Board. I believe the minister has a statement. With the committee's permission I will allow him to proceed with the reading of that statement now.

Hon. Jean Chrétien, President of the Treasury Board: Thank you, Mr. Chairman. These supplementary estimates seek approval from Parliament for those additional authorities required to complete the fiscal year 1974-75 and to provide information on the statutory costs which have exceeded earlier estimates.

The total of \$1,917 million may appear larger than expected to members of the committee. The main estimates for 1975-76 included a forecast of final supplementary estimates for 1974-75 of \$1,085 million. This forecast, made as of December 31, 1974, did not include the non-cash budgetary items which amount to \$860 million, and, in particular, the \$700 million to balance the Old Age Security Fund.

When I appeared before this committee earlier to discuss supplementary estimates (B) you may recall that a major portion of those expenditures were to meet the problem of inflation. In these final supplementary estimates, the major portion of the \$1,917 million is due to revisions to statutory costs and adjustments to accounts. The statutory items amount to \$588 million which, along with the \$860 million for adjustment to accounts, make up \$1,448 million of the total. There are several items which arise from established commitments of the government, such as the CNR deficit of \$45 million and deficits of East Coast ferry services of \$33 million. Some items arise from programs or policies adopted during the year, such as bill C-4 to extend veterans' allowances, \$20 million; special programs for milk subsidies, \$4 million; groundfish stabilization, \$5 million.

The only major item in the non-budgetary side is \$138 million for investment in the Athabaska Tar Sands. Most of the other items are to authorize increases in working capital funds within several departments required to handle a larger volume of business at higher prices during the year.

Given the higher than expected level of inflation in 1974-75, the actual operating costs in excess of previous estimates have been absorbed in whole or in part in a number of departments by exercising restraint across a department so that overruns in one program or vote could be met by transfers from another vote. These have been explained in the usual handout with which you have been provided concerning \$1 items.

There is a \$10 million item in these supplementary estimates for the Treasury Board. The additional \$10 million required in Vote 5, the Government contingencies vote, is to cover additional salary costs beyond that provided in departmental estimates and previously available in the contingencies vote, which was \$90 million.

As you are aware, the Contingencies vote is to provide for unforeseen immediate cash requirements which are subsequently recouped through supplementary estimates and to supplement departmental votes for salary purposes. Provision is made in departmental estimates for possible salary increases in the knowledge that some additional amounts are likely to be required from the Contingencies vote by year end. The demands on this vote for additional salary costs are greater than anticipated; thus, an additional \$10 million is required to ensure that all salary costs to the year end can be met.

I hope these remarks provide you with some overall perspective of the content of these final supplementary estimates. I will be happy to answer any questions members of the committee may have.

The Chairman: Honourable senators, you have before you supplementary estimates (D), an explanation of the \$1 items and explanations of certain other items that are of interest within supplementary estimates (D). Thank you, Mr. Minister, for your statement.

Senator Benidickson: Mr. Chairman, before we get into formal consideration of supplementary estimates (D), I should like to make one or two observations. First of all, I am glad to see these supplementary estimates before us a little earlier than is usually the case. I am wondering whether the steering committee or you, yourself, Mr. Chairman, have set any timetable as to what sittings we might have with respect to these supplementary estimates. I know there were several meetings of several committees on supplementary estimates (D) in the other place. There are some items of considerable importance contained in supplementary estimates (D), particularly as they relate to the petroleum industry.

I did see some reference to a deadline of March 17 with respect to these supplementary estimates, and I am wondering whether you have been told of any deadline for the completion of the work of this committee in respect of supplementary estimates (D).

Has any thought been given to calling the Minister of Energy Mines and Resources to explain, not only the large item to which the minister has referred relating to the Athabaska Tar Sands, but also the simple \$1 item that involves a considerable matter of policy, in that it involves the Sarnia-Montreal extension of the Trans-Canada pipeline and relatively new agreements and policies in that respect.

The Chairman: As honourable senators are aware, the committee, in connection with its examination of the main estimates, is involved in an intensive examination of the Manpower Division of the Department of Manpower and Immigration. That is the main thrust of the committee's work at this time. The supply bill is expected to be down, I believe, somewhere around March 20, and our responsibility is to deal with the supplementary estimates and report back to the Senate prior to the granting of supply.

I have not scheduled any additional hearings because of the hearings in respect of the Manpower Division that are now under way. However, I am in the hands of the committee in that respect. We do have sufficient time to schedule further hearings in order to hear from any witnesses, within reason, the committee feels should be heard.

Senator Benidickson: I know there is a meeting of the committee tomorrow in connection with its examination of the Manpower Division of the Department of Manpower and Immigration.

The Chairman: We have scheduled meetings in that respect for the next eight weeks, senator.

Senator Benidickson: But I am speaking about this week, Mr. Chairman. We have a scheduled meeting tomorrow and, as well, we have had notice from the Leader of the Government in the Senate that we might be sitting on Friday. Perhaps we can keep those things in mind in connection with the work that is before us this morning.

The Chairman: Your point is well taken, senator. As I say, I am in the hands of the committee. If there are any specific requests, I will, of course, be glad to carry them out. If there are no other general questions, we will proceed to consideration of supplementary estimates (D).

Senator Benidickson: Mr. Chairman, I have had some conversations with officers of Treasury Board in contemplation of this study. In my discussions with departmental officials I raised the matter of the headline in the *Ottawa Citizen* of March 4, as reported elsewhere, which says, in large print: "Gov't Ups Spending Projection by 30%." I have been informed that that is quite an error and that the proper figure for that headline should have been 20½ per cent.

Hon. Mr. Chrétien: If you read the article, Senator Benidickson, you will see that an error was made in the calculation. All of the figures are correct, but the writer made an error in division.

Senator Benidickson: The second paragraph of that article states:

The total is nearly 30 per cent higher than the original over-all estimate of \$22.02 billion tabled a year ago.

In my conversations with the departmental officials, I have been informed that that figure should properly be 21 per cent.

Hon. Mr. Chrétien: Yes.

Senator Benidickson: In other words, the budgetary supplementaries were \$4.5 billion; non-budgetary supplementaries, \$425 million; and total supplementaries, \$4.9 billion not more than \$6 billion. I think that should go on the record.

Hon. Mr. Chrétien: Thank you, senator.

The Chairman: Do you have any further questions, Senator Benidickson?

Senator Benidickson: Not at this time, Mr. Chairman.

The Chairman: Senator Carter.

Senator Carter: Turning to the Fisheries and Marine program under Environment, on page 26, Vote 5d is explained in the explanatory notes on the \$1 items, but there is no reference to Vote 15d. Can you explain that for the committee?

The Chairman: It is dealt with in the material that was supplied to the committee on March 11, Senator Carter. This document was provided at the request of the Senate. It appears on the second page, Senator Carter.

Senator Carter: These would be grants of \$4 million to Canadian producers of frozen and canned groundfish, crab meat and lobster meat.

Hon. Mr. Chrétien: Yes.

Senator Carter: Has that money been expended?

Mr. B. A. MacDonald, Deputy Secretary, Program Branch, Treasury Board Secretariat: I should imagine so, senator. We would not know, I suppose, until the accounts come in, but since the situation has not improved, to my knowledge, I should think the money would have been expended.

Senator Carter: It is my understanding that this amount was underestimated because it was not anticipated that the crisis would last as long as it has. Will there be provision in the 1975-76 main estimates to carry on this program?

Mr. MacDonald: I believe it is contemplated that this program will be carried on.

Hon. Mr. Chrétien: In our forecast for the next fiscal year, senator, we are predicting that we will have to put money into this program. It is difficult to make exact forecasts. I think Mr. MacDonald and the other departmental officials will be able to provide you with the exact amount involved.

Senator Benidickson: Mr. Chairman, having in mind our experience with respect to previous supplementary estimates which were referred to this committee, would you consider it a reasonable suggestion to deal, first of all, with general questions as to totals and any general observations members of the committee might have, as opposed to going helter-skelter from one department to another.

We could go through the supplementary estimates, department by department, at which time any questions members of the committee might have relating to the department under consideration can be put to the witnesses. Does that meet with the committee's approval?

Senator Grosart: I think it is a good suggestion, Mr. Chairman.

The Chairman: Are there any further general questions, then?

Senator Grosart: I notice, Mr. Minister, there are a larger than usual number of references to revolving funds and working capital advanced funds, and so forth, in these supplementary estimates. I think there are perhaps a dozen. Would it be possible to provide us with a list of those revolving funds and their status—not today, but at some subsequent date? Perhaps the minister or Mr. MacDonald can tell us roughly how many of these revolving funds there are, how they operate and the difference between a revolving fund and a working capital fund, and so forth.

Hon. Mr. Chrétien: Senator Grosart, if it is your wish, we can prepare a report as to how many of these revolving funds exist and how they operate. We could prepare documentation in that respect for the committee. Perhaps Mr. MacDonald can explain the functioning of these funds right now, and we will provide information as to the number and where they are located at a later date.

Senator Grosart: The reason I ask that question is that they seem to be on the increase.

Mr. MacDonald: In volume 1 of the Public Accounts there is a list of all the working capital advances and revolving funds. However, a distinction is not made between these two. What we could supply to the committee is an indication as to which items in that list are revolving funds and which are working capital funds, and an explanation as to the difference between the two. They are both, more or less, lines of credit against the consolidated revenue fund, but revolving funds are required to recover all their costs, including the costs of personnel.

There is not that large an increase in these types of accounts; rather, there are a number in these supplementary estimates due to the inflationary pressures requiring higher drawing limits.

The Chairman: Do you want a breakdown, Senator Grosart, of the revolving funds?

Senator Grosart: I should like, first of all, a list of the revolving funds and the amounts involved, as well as an explanation and a statement as to the degree to which they are solvent or otherwise. In supplementary estimates from time to time—and there are some in supplementary estimates (D)—we increase the ceilings of these revolving funds, and there is one rather large one in supplementary estimates (D).

Hon. Mr. Chrétien: Dealing with the Department of Supply and Services, because of the increased costs of the goods purchased by that department for all departments of government, it was necessary to lift the ceiling. Eventually, it is charged back to the different departments who use those goods. We will be happy to provide the committee with a schedule of these funds and the reasons we have had to increase the ceilings. As Mr. MacDonald has said, there is not an increase in these types of funds, but rather an increase in the ceilings because of the present circumstances.

Senator Grosart: I have no mandate to try to make the estimates look any better than they do, or lower than they are, but I am concerned about the difficulty, when looking at the estimates, in determining what percentage of these very large totals, either in the supplementary estimates or

in the main estimates, is actually cash flow expenditures. A good many of the items are recoverable; others are investments in national assets. We have discussed this matter before in committee, but we never seem to be able to get any kind of statement as to what are our national assets at any particular time. We have had the criticism, and I think it is legitimate, that the total estimates are very high and are increasing. I was going to say they are increasing exponentially. In any event, they are increasing unacceptably, as you said in your opening statement. Would it be possible to receive, along with the estimates, a statement of the amounts that are recoverable and the amounts which are investments, such as the investment in uranium exploration as set out in supplementary estimates (D)? The investment in the Athabaska Tar Sands is another example, as well as some major capital projects under National Defence. Has thought ever been given to breaking these down?

Hon. Mr. Chrétien: The difficulty we face, Senator Grosart, is in trying to give too much in the way of an explanation and trying to say that an expenditure is not really an expenditure, and so forth. Once you start trying to do that, you get into trouble.

I am glad you raised this point, but, generally speaking, the people want to know the total expenditures of the federal government. That is all the average observer wants to know. Perhaps we can segregate those which you would classify as public investments, but then the question arises as to exactly what are public investments. It is difficult to come up with a precise definition in that respect. We do not operate in the same manner as corporations do; we do not list all the assets of the government. We do not follow that procedure. We do not, for example, try to determine the value of the Parliament Buildings. All government buildings are valued as a \$1 item. Nowhere in government accounting do we value lands and buildings, and so forth. We do not have that type of accounting.

Perhaps your suggestion would be a useful one, but it could lead to a completely new type of accounting system and probably a good deal of expense in assessing the value of government property holdings and in determining what is and what is not an investment. Treasury Board has looked into this area previously, and it has not found it to be a very practical or meaningful method to follow.

In an explanation you could conclude, for example, that the Syncrude project is an investment. However, some will say it is a bum investment; others will say it is a great investment. Some people will argue against my judgment in that respect. If I say it was a good investment, no doubt some members of the opposition parties in the other place will say it is a bad investment; if I say it is a bad investment, they will no doubt say it is a good investment. Such a procedure would lead to a good deal of argumentation and would be difficult to control.

Senator Grosart: Even so, many of us would like to read the government's balance sheet in the same way as we read a corporate balance sheet. I am not suggesting at the moment that this would be done *ex post facto*, but when we are presented with a request to authorize expenditures, it seems to me it would be a very simple matter to break those down as to whether they are operating expenditures or investment expenditures.

Hon. Mr. Chrétien: A grant going to an industry to be established, say, in Nova Scotia, could be considered by some to be an operating expense and by others to be an

investment. In such circumstances, it would be difficult to have a balance sheet.

Perhaps I should ask Senator Manning, who has been on both sides, having been premier of Alberta, and having sat in many board rooms, whether he feels it would be feasible. In my view, it would be a very difficult exercise to have a balance sheet setting out the assets of the government.

Senator Grosart: With respect, Mr. Minister, I do not believe it would be all that difficult. The definitions are there. It is not a question of whether it is a good investment or a bad investment, but whether it is an investment anticipating a return of the money invested, or some part of it. That is the definition.

The Chairman: Let me just understand your point, Senator Grosart. Are you asking for a balance sheet of the federal government, or are you asking for a breakdown in respect of the \$28 billion for the fiscal year 1974-75 as to which are operating expenses and which are capital expenses or, alternatively, operating expenses and investment expenses?

Senator Grosart: That is what I am getting at.

The Chairman: It is the latter you are requesting?

Senator Grosart: Yes. We are seeking to analyze these total figures, and I am simply asking for a breakdown.

Hon. Mr. Chrétien: We can provide that, Senator Grosart. We can provide you with the amount of money going into capital expenditures out of the \$28 billion.

The Chairman: How detailed a breakdown would you want, Senator Grosart? I imagine it could get down to some fairly small figures.

Senator Grosart: I would like a breakdown of each item, Mr. Chairman. I could do it myself if I had the time.

The Chairman: Are you talking about every major item?

Senator Grosart: Every item, Mr. Chairman.

The Chairman: It is a question of the size of the task involved.

Senator Grosart: Fortunately, there are not that many. The majority, of course, are unrecoverable expenditures.

The Chairman: Perhaps we could get some indication from Mr. MacDonald as to the task involved.

Mr. MacDonald: I am wondering, Mr. Chairman, whether Senator Grosart is referring to the sort of thing we in fact do in the main estimates where we analyze the expenditures using the 13 standard objects, including two that are capital, or where we present another table of the breakdown between operating capital, grants and contributions?

Senator Grosart: That is what I am after.

Hon. Mr. Chrétien: Perhaps we can do that in respect of the next supplementary estimates.

Senator Grosart: That is what I am concerned about.

Hon. Mr. Chrétien: We will do that next time, Senator Grosart.

The Chairman: If there are no further general questions, we will proceed to department-by-department consideration.

Senator Benidickson: Just one comment, Mr. Chairman. Parallel to the work of this committee, there is very intensive work being done by the Banking, Trade and Commerce Committee with respect to the new combines legislation that is presently under consideration. I think the work of that committee absolves us of a detailed inquiry in respect of the Consumer and Corporate Affairs estimates, but I think reference should be made to the fact that the Senate has a very active ongoing program of examination in this field.

The Chairman: Thank you, Senator Benidickson. Senator Grosart.

Senator Grosart: I am wondering what is meant by "Intellectual Property Program" as it appears on page 14.

Hon. Mr. Chrétien: In down-to-earth terms, senator, it is copyright.

The Chairman: If there are no further questions in respect of Consumer and Corporate Affairs, we will move on to Energy, Mines and Resources.

Senator Manning: On page 18 there is one large item in connection with the proposed Montreal Extension of the Interprovincial Pipe Line system. Perhaps the minister or his officials can bring us up to date on the present status of that project and the intention of the government with respect to deficiency payments in connection with construction costs.

It is not clear from the notes we have been given whether it is meant that the government is guaranteeing to pick up any deficiencies in construction or how those deficiencies arise, or just what we are talking about in the area of deficiency payments in connection with the construction of the Montreal Extension. Also, in the matter of operational costs, is it the intention that there will be some formal agreement, if this line is built, that the government will guarantee operating returns if they fall short of an actual amount?

Hon. Mr. Chrétien: As to the latter part of your question, senator, the answer is "yes." As to deficiency payments in respect of construction costs, we are not involved in that.

Senator Manning: Vote 5d(1) says, in part:

—deficiency payments to the said company in connection with the construction and operation of the Montreal Extension of the Interprovincial Pipe Line system,—

I cannot determine what is meant by "construction" in relation to deficiency payments.

Hon. Mr. Chrétien: I am not too familiar with the nature of the contract between the government and the company in question. As I understand it, when you operate a pipe line you have to keep in mind the cost of building that pipeline as being an element in the operating costs. The amortization costs, and so forth, will be included in operating costs. As I understand it, the federal government is more or less guaranteeing the operational costs.

Senator Manning: Is the federal government committed to any payment in respect of construction costs?

Hon. Mr. Chrétien: I do not believe so, senator. We are not putting up any money in respect of construction costs. We are involved in the guarantee of operational costs.

Senator Manning: But the operational costs would have to include the amortization costs of the money used.

Hon. Mr. Chrétien: Yes.

Senator Manning: What role is the government going to play in monitoring those construction costs? If the construction costs get out of hand, that will increase the amortization payments.

Hon. Mr. Chrétien: I really do not know whether the government will be in a position to monitor the expenditures during the construction phase. Perhaps I can check into that, senator, and provide you with further information. As I understand it, the government is not involved in the construction phase, but that it will guarantee a certain quantity of oil in the pipeline; otherwise, it will have to take up the slack.

Senator Benidickson: Also, the government has a right to take it over if a deficiency situation arises.

Hon. Mr. Chrétien: Yes.

Senator Benidickson: I think this is such an important matter that the steering committee should consider whether or not we should have before us the agreement. The agreement in question was made available in at least three committee hearings of the other place last week.

There have been some changes in the oil situation since then. Even in this morning's *Globe and Mail* Petrofina refers to a certain oil sands project needing \$11 a barrel, which is quite a difference from the estimates put before the committee of the other place last week. There are also some new procedures on the part of oil firms to find profits by buying oil from other than historical sources.

The Minister of Energy, Mines and Resources was not able to tell the committee of the other place last week what reply he was likely to make to the only Canadian oil company that might make a substantial investment in the Athabaska Tar Sands, namely, Home Oil. He received a letter from Home Oil just before that committee meeting and he was not able to say whether or not they would get tax concessions the equivalent of those outlined for Syncrude.

I think it is very timely, as things have happened, even within the past week, that we have the Minister of Energy, Mines and Resources table the actual agreement in question. The agreement is available, although I have not had the opportunity to examine it. I think we should also have the agreement with respect to Syncrude.

If there is a deficiency, there is provision to buy the company. There are also references to what we assume as costs and what we do not. We do not, for example, compensate if there is a deficiency of profit. I think this whole area should be investigated further.

Hon. Mr. Chrétien: A copy of the agreement concerning the extension of the pipeline was tabled in the House of Commons. It is a public document.

Senator Manning: It may well be that this could be looked at in that context. My concern, as far as Treasury Board is concerned, is that if the Canadian people, through the federal government, are going to guarantee a deficiency

in an operation of this magnitude, and if in the operating costs are included the amortization costs of the construction of the line, then it seems to me the government has to be vitally concerned with the costs of the construction of that extension, because the costs could vary by millions of dollars, depending on how closely it is supervised, and so forth.

Surely the government is not going to take the position that the company involved can go ahead and spend whatever it wishes in building the extension, resulting in greater amortization costs, which will then be turned over to the government as part of the operating costs if there is a deficiency.

Hon. Mr. Chrétien: I am sure this will be checked carefully by the Department of Energy, Mines and Resources, Senator Manning. I, myself, have not read the complete agreement, but I expect there would be something in that respect in the agreement.

The government's guarantee in this case is only related to the operating costs. Unfortunately, I cannot at this time tell you to what extent the government will be involved in making sure that the costs do not get out of hand, resulting in greater deficiency payments, if there is a deficiency.

I can provide the answer to that, if requested, or perhaps the Minister of Energy, Mines and Resources, if the comes before your committee, can elaborate on this. Unfortunately, I am not in a position to provide you with an answer this morning.

Senator Manning: One further question on this project, Mr. Chairman. Can you tell us the present status of this project, Mr. Minister? Is the government, as of now, firmly committed to seeing that this line is built?

Hon. Mr. Chrétien: Yes.

Senator Manning: There is a firm commitment on the part of the government?

Hon. Mr. Chrétien: Yes. The government wants the Sarnia to Montreal extension to guarantee security of supply to the province of Quebec and Eastern Ontario from our own oil sources in the West.

Senator Benidickson: Also, it is a reversible line.

Hon. Mr. Chrétien: Yes, that is right.

Senator Benidickson: That is an extra; in other words, it was not originally contemplated to be such.

Hon. Mr. Chrétien: If the international price of oil goes down, or if there are no new discoveries of oil in the West, we can use that pipeline to take international oil into the western market. It will serve two functions: first of all, to take oil from our western provinces to the eastern market and, secondly, if necessary, international oil to points west.

Senator Manning: In other words, if international oil ever becomes cheaper, we will tell the western producers that we no longer need their oil.

Hon. Mr. Chrétien: That is not right, senator.

Senator Manning: That was perhaps an unfair question.

The Chairman: Honourable senators, it is clear that it is the wish of the committee that we have the Minister of Energy, Mines and Resources appear before us. With your approval, I will invite him to attend at a later date.

Senator Benidickson: I think he should appear before the committee, Mr. Chairman.

The Chairman: Are there any further questions in respect of Energy, Mines and Resources?

Senator Carter: A supplementary to Senator Manning's question, Mr. Chairman. As a matter of information, does the contract for the construction of the Montreal extension include the building of roads, bridges, and so forth?

Hon. Mr. Chrétien: I do not think there is anything like that in this case, senator. The extension is to be built along the middle of Ontario, so there will be no problem with respect to access to the pipeline. I do not know exactly where the right of way will be, but there will be no difficulty at all in terms of access of the construction crews to the site of the extension.

Senator Carter: But what standard procedure does the government adopt in this respect? Obviously, the construction of roads and bridges would be part of the constructing of the pipeline extension.

Hon. Mr. Chrétien: There is no standard procedure in that respect, senator. It is not the government which is building the pipeline; it is Interprovincial Pipe Line Limited. We are not involved with the construction in any way at all. The federal government simply signed an agreement with the company in question to the effect that if there is a deficiency in the operating costs, we will guarantee deficiency payments.

The Chairman: Senator Manning.

Senator Manning: My question relates to vote 15d, Mr. Chairman, which is in respect of additional work in the aerial survey program. I assume this is mapping from the air. Is this being done in particular regions in Canada, Mr. Minister? I think the practice has been to do it in different regions of Canada in different years.

Hon. Mr. Chrétien: It is throughout Canada, senator.

Senator Manning: There is no one major project in a particular region?

Hon. Mr. Chrétien: No. It is an increase in the activity in that field.

Senator Manning: What about the terrain analysis study referred to under that same heading, is that a specific study being carried out in some region, or is that a general thing?

Hon. Mr. Chrétien: It is general, senator. It is not a new project; it is simply an increase in the activity in that field.

The Chairman: Do you wish details on that, Senator Manning?

Senator Manning: No, Mr. Chairman. The reason I asked the question, Mr. Minister, is that I recall in earlier years there were a number of agreements entered into between the Department of Energy, Mines and Resources and the provinces for specific large-scale air survey work. I was simply wondering whether something of that kind was being carried out today.

Mr. MacDonald: Mr. Chairman, the department has run into higher costs than expected in its operations, and Treasury Board has told the department, as it has other departments, to find some way of absorbing the higher costs. To

that end, they are transferring money from another vote into this operating vote.

The Chairman: Senator Grosart.

Senator Grosart: Dealing, first of all, with vote 15d, the note contained in the explanation of \$1 items states:

Source of Funds—Vote 5—(\$775,998)—Funds are available within the program due to delays in the recruitment of qualified staff.

This is a \$1 item seeking the transfer of funds from one vote to another. The situation which always concerns me in this respect is that it distorts the financial picture. Eventually, the \$775,998 has to be spent. It is really not simply a transfer from one vote to another vote; it is a new expenditure, in effect, because when the qualified staff is found it will be necessary to spend the \$775,998.

Hon. Mr. Chrétien: The saving will be in respect of that specific fiscal year. We have a few \$1 items in these supplementary estimates—perhaps more than usual. When I took over at Treasury Board in August I was aware of the inflationary pressures on the government. I decided at that time that the best way for me to control those inflationary pressures was to put pressure on the departments to change some of their priorities rather than simply providing supplementary moneys. They were all coming to me with requests for more money and I turned them down, telling them that they would have to find the money within their own departments. Consequently, there are a lot of \$1 items transferring funds from one vote to another vote within individual departments. I gave the departments more leeway within their own budgets, and I have established levels for the next fiscal year.

I found it to be the most appropriate technique at the time. It is awkward for me to go to the ministers and tell them to cut their budgets in respect of certain programs. I think it should be the responsibility of the minister involved to set his own priorities for his department. I think that was the fairest way for me to achieve my goal and to put the pressure on the ministries to reorganize themselves. Whenever deputy ministers and directors in any programs run into financial difficulty, the solution has always been to go to Treasury Board for more money. They did not try to cut the fat. I was trying a technique to cut some of the fat, and I think I have been successful enough to force them to live within their budgets, in spite of the unexpected inflationary spiral. We did not expect that kind of inflation in 1974-75.

The Chairman: I think what Senator Grosart is getting at, Mr. Minister, is that the financial picture is somewhat distorted in that the department will get the \$775,998 in the next fiscal year, as opposed to actually giving up that expenditure.

Senator Grosart: It is not a saving. What I am pointing out is that there are two kinds of uses for transferring within the context of what the minister has said. One is to actually terminate a program—not go ahead with it at all—and the other is to postpone it. In this case, the program is simply being postponed because they could not get qualified staff. Therefore, it is not a saving and cannot be regarded as a saving. It is a saving in this year's budget, but assuming that the purpose of vote 5 in the main estimates is worthwhile, we can assume it will be proceeded with eventually, so there will be no saving in the long run. I merely point that out.

Hon. Mr. Chrétien: I think Mr. MacDonald has something to add in this case.

Mr. MacDonald: In this particular case, senator, there were costs incurred by the department for operational purposes which had to be met in the current fiscal year. The department had been allotted money to hire staff. Because it ran out of money it was faced with the alternative of spending the \$775,998 in hiring staff or in using it to pay for the additional costs of materials. Since it could choose to do either one or the other, I think it is fair to say that money has been saved.

The Chairman: Senator Grosart's point is that although money has been saved in this fiscal year, the program will be carried out in the next fiscal year, and you will be back to square one.

Senator Grosart: The expenditure in respect of the hiring of staff has merely been postponed.

Mr. MacDonald: Yes, but the money has gone unspent.

Senator Grosart: But the staff will be hired sooner or later.

Hon. Mr. Chrétien: I managed to save some money in this fiscal year. Don't ask me to do more than that.

The Chairman: I think you have made your point, Senator Grosart.

Senator Grosart: Dealing with vote 5d on page 18, still on Energy, Mines and Resources, (b) reads:

(b) the making of such payments in the current and subsequent fiscal years, as may be required under the agreement referred to in paragraph (a),—

This raises the thorny question of the right of a Parliament in one session to commit subsequent Parliaments. This seeks authorization for subsequent years. How do we reconcile this to the broad concept that one budget should not permit, by act of Parliament, which this becomes, an expenditure in another fiscal year?

Hon. Mr. Chrétien: I am surprised that one Parliament, or the Parliament in one session cannot commit expenditures for subsequent fiscal years. Every budget is an exercise whereby the Minister of Finance sets the level of taxation, and if he does not make that level apply to subsequent fiscal years, the tax levied in those years will be as it was prior to his setting a new level.

We consider that when we vote in estimates such as this, they become statutory expenditures because they are voted by the Parliament of Canada. Some will argue that we should never do it by way of estimates; that we should have a bill every time. That is a point that can be debated. Because of this situation and the past practice, we are forced in some emergencies and some situations to use the estimates to commit what become statutory expenditures through the estimates. This practice has been criticized many times, but we have not found a way around it. For small items such as this, we cannot take a week, or two weeks, or three weeks in the house to debate it. For that reason, we have used this practice. Some criticize it, but the majority in both houses of Parliament agree with it.

Senator Grosart: The majority of both houses agreed with a good many things in the past that were subsequently found to be unwise.

Hon. Mr. Chrétien: That may very well be, senator.

Senator Grosart: I agree that in a practical way it is almost essential that commitments be ongoing. On the other hand, this practice does seem to violate the principle. It will leave that point.

On page 22 we have what might be a good case in point respecting the matter I raised earlier as to what is the real nature of these expenditures. In vote 47d we are asked to approve \$1,700,000, which, apparently, is part of a \$15 million five-year exploration program for Eldorado Nuclear Limited.

Senator Benidickson: Where is that described?

The Chairman: In the supplementary material that has been made available, senator, at page 1.

Senator Grosart: The explanation states that the program would be financed by the federal government, and would assist in establishing and maintaining adequate Canadian uranium reserves, and so on. What is the nature of this? Is this a grant or is it an investment? If Eldorado Nuclear Limited finds uranium, who owns it?

Hon. Mr. Chrétien: We own the corporation; the people of Canada, through the federal government, owns the corporation.

Senator Grosart: But if Eldorado Nuclear Limited finds uranium, it belongs to Eldorado.

Hon. Mr. Chrétien: Eldorado Nuclear Limited belongs to the government and, through it, the Canadian people.

Senator Grosart: I realize that, but this is an exact case of what I was referring to earlier.

Hon. Mr. Chrétien: This is an exact case where it is an investment.

Senator Grosart: That is right.

The Chairman: This will show up in the list that Mr. MacDonald is going to provide, presumably.

Hon. Mr. Chrétien: There are fairly risky lines of investment, such as the government's investment in Panarctic. If we find oil, fine. While I was Minister of Indian Affairs and Northern Development we were quite lucky. However, had we drilled dry holes, I would be known now as "dry hole Chrétien."

The Chairman: You may have started something!

Hon. Mr. Chrétien: That is the kind of investment where the question arises as to whether or not it is in fact an investment. I do not know. Is it a capital expenditure or is it an operating expenditure?

Senator Grosart: If you were in business you would certainly call it an investment. Presumably, investments of this nature are made in anticipation of a return on the investment. If this item was merely a grant—

Hon. Mr. Chrétien: It is not a grant; it is an investment.

Senator Grosart: But if it were a grant to a private company—and we have a good many such grants—it would be an entirely different item that what you have described it as being.

Hon. Mr. Chrétien: If Eldorado Nuclear Limited was a private company, the money would be used for investment.

Senator Grosart: But it would not be a government investment.

Hon. Mr. Chrétien: It would be a Canadian investment. Where to you draw the line? You can argue this a great deal, but it is still an investment.

Senator Grosart: But I am dealing with the amount set out in supplementary estimates (D).

Hon. Mr. Chrétien: That is an investment by the federal government in Eldorado Nuclear Limited.

Senator Grosart: I am only interested in the amounts expended by supplementary estimates (D) in respect of which we can anticipate a return.

Hon. Mr. Chrétien: We will provide you with that list, Senator Grosart.

The Chairman: Are there any further questions respecting Energy, Mines and Resources?

Senator Benidickson: Mr. Chairman, is it agreed that we will hear from the Minister of Energy, Mines and Resources on these items?

The Chairman: Yes. I may ask Mr. Cocks to interview each member of the committee to determine just which areas the minister will be required to cover when he appears before the committee. That would not exclude any other matters being raised, of course, but merely give the minister some indication of the material he will be required to bring with him.

Senator Benidickson: I would just point out to Mr. Cocks that the proceedings of the House of Commons National Resources Committee Issue No. 6, March 4, at page 4, refer to the tabling of the Syncrude agreement, which is alleged to be Appendix NR 8 to those Minutes, and I do not see any such appendix. There is an Appendix NR 2, but I do not see an Appendix NR 8. It may simply be a typographical error.

The Chairman: We will deal with that at that time. Honourable senators, the Secretary of the Treasury of the United States is in Canada, as you know, and the minister would like to be excused in order to attend a meeting with him. Is that agreeable?

Hon. Senators: Agreed.

The Chairman: Mr. MacDonald, the Deputy Secretary, will answer any other questions we have.

Hon. Mr. Chrétien: Thank you, Mr. Chairman.

The Chairman: On behalf of the committee, Mr. Minister, I should like to thank you for your attendance.

The next department to be dealt with is Environment.

Senator Grosart: Perhaps Mr. MacDonald could explain what appears to be a mystery item on the top of page 28, "New Major Capital Projects—(Information only—no appropriation required)."

Mr. MacDonald: Mr. Chairman, as you will have noticed, the main estimates contained a list of the major items with respect to each capital program. We have tried to update this list in the supplementary estimates, even where the department concerned is not seeking additional resources for capital purposes. This is further information

on capital expenditures provided for information purposes only.

Senator Grosart: Perhaps I can ask another question on that. I am sometimes confused. At times you put the thousands laterally and sometimes horizontally at the top. Is there a reason for that?

Mr. MacDonald: In respect of information items, Senator Grosart, we reduce it to units of one thousand; in respect of legal items, the dollar is retained. You will notice that the amounts opposite the vote titles are out to full dollars, as are the amounts opposite grants, because those are of the nature of legislation.

Senator Grosart: Thank you.

The Chairman: Senator Carter.

Senator Carter: What is the relationship between vote 15d and the item under "Contributions." on page 28? You have vote 15d on page 26, and then on page 28 you have "Fisheries Management and Research". It seems to cover the same ground.

Mr. MacDonald: It does, senator. The material which appears in dark print, which is the so-called vote, eventually becomes the substance of the appropriation act. Over and above that, to parallel the presentation in the main estimates, we have provided supporting detail, such as information regarding new capital projects, grants, contributions, additional man years, and a breakdown by object of expenditure. One looks only at the dark print for the vote. That is what Parliament is being asked to authorize in the strict sense, and over and above that there is explanatory material as to which activities within the program are affected, how much is capital, how much is salary and wages, how much is in the way of grants, and how much is in the way of contributions.

Senator Grosart: This is the PPB that has been in effect for years.

Mr. MacDonald: Yes, that is correct.

Senator Carter: Vote L17d relates to the fishermen who were handicapped by the ice conditions. Has that money been expended yet? As I understand it, that was relative to last May and June.

Mr. MacDonald: The advance would have been made, in the first instance, out of Treasury Board contingencies.

Senator Carter: Is there an agreement with the provincial governments under this vote?

Mr. MacDonald: Not to my knowledge, senator.

The Chairman: If there are no further questions on Environment, we will move to External Affairs.

Senator Benidickson: In respect of External Affairs, there is a \$16 million additional vote in respect of the Canadian International Development Agency.

The Chairman: There is a further explanation on that included in the explanatory material, senator.

Senator Benidickson: My question does not relate to that specifically, Mr. Chairman. As there has been considerable criticism respecting some of the expenditures of CIDA in the media currently, I am wondering whether Mr. MacDonald can tell us the extent to which the budget of

CIDA has been examined by a committee of the other place this session.

Mr. MacDonald: It would have been referred to a committee, but whether that committee has actually commenced examination of it, I do not know.

Senator Benidickson: This is certainly a subject of controversy at the moment.

The Chairman: Are you talking about a matter which would come up in miscellaneous estimates?

Senator Benidickson: I do not know to what committee it would be referred, but certainly it is something that would arouse curiosity because of the number of newspaper articles criticizing the general expenditures and questioning whether or not those funds are going to the countries in greatest need.

The Chairman: Perhaps that could be a subject for detailed examination by this committee.

Senator Grosart: It is being done now.

The Chairman: We have to finish our examination of the Manpower Division first.

If there are no further questions on External Affairs, we will move to Finance.

Senator Grosart: May I ask Mr. MacDonald to explain vote 1d on page 36? Is that a retroactive change?

Mr. MacDonald: It is not retroactive, senator. It refers to amounts—you are correct, in a sense. Some of these limits were raised in Appropriation Act No. 2, 1972, and some were not. Those which were not raised at that time appear in (b) (ii). What Parliament is being asked to do is to raise the limits that have already been raised, as well as to raise certain limits that were not raised earlier.

Senator Grosart: So, it is retroactive.

Mr. MacDonald: It is not retroactive in the sense that it would apply to previous academic years.

Senator Grosart: But the vote is retroactive in the sense that it makes changes retroactively in former votes.

Mr. MacDonald: That is right.

The Chairman: Senator Manning.

Senator Manning: Dealing with payments to provincial governments under the Federal-Provincial Fiscal Arrangements Act, what categories are covered under Part V of that agreement? I notice there is a decrease here. I have forgotten the categories.

Mr. MacDonald: I am afraid I have, too. Part IV is the revenue guarantee. Almost all of this item has to do with the fact that the revenue guarantees that were presented as part of the new taxation legislation were to be paid well after the fact that the actual shortfalls in provincial revenues could be established. We are now attempting to pay these on a more or less current basis, subject to audit, after the fact.

Senator Manning: Part V must be some other category of payments. It is reduced.

Mr. MacDonald: I really do not understand this particular legislation, but I do have an explanation, which reads as follows:

Adjustment of the 1974-75 Main Estimates forecast of \$18 million based on actual data for payments to provinces of income tax provinces would have received had federal legislation not permitted corporations to prepay shareholders dividend tax at a flat rate of 15%. This provision means that dividend income would not appear on an individual's tax return and thus the provinces would lose their share of the tax. This applies only to income earned prior to the 1972 tax reform.

The Chairman: As honourable senators will recall, you could pay a flat 15 per cent tax on your undistributed income up to December 31, 1971, and by the payment of the 15 per cent tax it flowed through. For that reason, it was not a normal dividend income and would not be included in the individual's tax return. The provinces, as a result, would lose that revenue.

Are there further questions on Finance?

Senator Grosart: I take it the purpose of the \$1 item on page 42 is to amend existing legislation?

Mr. MacDonald: I think the purpose is to place an interpretation on the regulations, senator.

Senator Grosart: Why would we need an act of Parliament to place an interpretation on regulations? I know the purpose of it.

Mr. MacDonald: I am in some doubt with respect to this, but, basically, it relates to the fact that we had orders in council specifying certain terms and conditions that do not seem to have covered this case, and this is to give retroactive effect of an amendment to those orders in council. It has the effect of amending the effective legislation, if you like, but it is not changing any provisions of any law. Basically, it says that the orders in council in question should have allowed for the payment into registered retirement savings plans of Canada Savings Bonds, which they did not do.

Senator Grosart: Why could not that be done by order in council?

Mr. MacDonald: I think there would be some problem in making the orders in council retroactive. As I understand it, that is where the difficulty arises.

Senator Grosart: We have had retroactive orders in council before.

Mr. MacDonald: There is no reference to any amendment of any section of any act. It says:

—notwithstanding the terms and conditions of any Order in Council governing the issue thereof,—

I think it was felt that some type of legislative action was necessary to rationalize this situation in order to avoid real hardship on a number of people.

Senator Grosart: Is it, in effect, implementing the next tax bill?

Mr. MacDonald: No, senator. The problem arises due to the fact that a number of registered retirement savings plans have operated on the basis of contributions taking the form of Canada Savings Bonds, and the legal profession has said that such contributions were not in accordance with the orders in council under which these registered retirement savings plans were operating. This has been going on now for a number of years, and if no

legislative action is taken, quite a number of people would owe taxes which they have not paid.

Senator Grosart: Does this take in other funds, too, such as pension funds, and profit sharing plans?

Mr. MacDonald: Yes, that is right.

Senator Grosart: In other words, it regularizes what has been going on, based on the assumption of the business community as to what the orders in council meant.

Mr. MacDonald: That is correct.

The Chairman: Next, we deal with "Governor General and Lieutenant-Governors".

Senator Benidickson: In this respect I see there is provision for a small supplementary estimate of \$60,650 bringing the total estimate to \$1,454,983 in respect of the Governor General and the Lieutenant-Governors of the provinces. Is part of this increase in the way of salary increases for the Governor General and the Lieutenant-Governors?

Mr. MacDonald: No.

Senator Benidickson: I did not think so. When did they last have an increase in remuneration?

Mr. MacDonald: I think salary increases were provided for in earlier supplementary estimates.

Senator Benidickson: Are there pension arrangements with respect to these individuals?

Mr. MacDonald: Yes.

The Chairman: Next, we deal with Indian Affairs and Northern Development.

Senator Grosart: One general question, if I may, Mr. Chairman. The amount expended by the department for the benefit of the Indian and Eskimo population is becoming very large. I am not questioning the desirability of this general activity, but I am wondering whether Mr. MacDonald can provide the committee, at a subsequent date, with the total expenditures of the department directed to the benefit of the Indian and Eskimo population.

Mr. MacDonald: I will do that, senator. There are expenditures in other programs within other departments which relate to the Indian and Eskimo population. We will provide you with that information.

The Chairman: You want the total expenditures in all of the estimates relating to the Eskimo and Indian population, senator?

Senator Grosart: Yes. The reason I ask that question is that I believe the amount would be something like \$100 million—

The Chairman: Did you want non-status Indians included also?

Senator Grosart: Well, let's just say the Indian and Eskimo population, and we will take whatever definition the department adopts.

Mr. MacDonald: It would be more like \$500 million, senator.

Senator Grosart: Overall, yes, but I am talking about just one program. We discussed this with the Honourable Mr. Chrétien in his previous capacity. The reason I ask is

that it is a very large sum when divided into the total native population. You begin to wonder why we still have complaints from the Indian and Eskimo population as to the manner in which they are being treated.

Senator Sparrow: Would this include programs under the Department of National Health and Welfare as well?

Senator Grosart: I am asking for every expenditure that is purported to be for the benefit of the Indian and Eskimo population.

Mr. MacDonald: One reason for the size of these expenditures, Senator Grosart, is that the federal government operates like a provincial government with respect to the Indian and Eskimo populations. While you would not see many health, welfare and educational costs in the federal government estimates in respect of the rest of the population, you would see such costs with respect to the native population.

Senator Grosart: I quite agree.

Senator Benidickson: Is that because of the reservation and treaty system, and so forth?

Mr. MacDonald: The federal government is responsible for the education, welfare and health of the native population, whereas these are areas of provincial jurisdiction in respect of the rest of the population.

Senator Grosart: In respect of the non-Indian and non-Eskimo population, the provinces and Territories assume what we refer to as provincial costs.

Mr. MacDonald: That is right.

Senator Grosart: But, it is the federal government which assumes those costs in respect of the Indian and Eskimo population.

Mr. MacDonald: That is right.

Senator Sparrow: You are referring now to programs relating to the Indian population?

Senator Grosart: Expenditures purported to be for the benefit of the Indian and Eskimo population.

Senator Sparrow: Would the LEAP program be included in that?

Mr. MacDonald: We might have some difficulty in determining the cost of every LEAP project which applies to the Indian population, but I do not think it would affect the total very much.

The Chairman: I do not think you would have any trouble with the LEAP projects, because they are specifically designated.

Mr. MacDonald: But to put it on a comparable basis, we might be able to provide the total 1974-75 estimates for programs specifically directed to the Indian and Eskimo population. To find out which LEAP projects would be involved in this area, we would have to wait until the end of the year when we would have access to the budgets. Otherwise, we would have to go into departmental records of expenditures as opposed to public estimates of expenditures.

The Chairman: I think what Senator Sparrow is suggesting is that the total expenditures of Manpower specifi-

cally directed to the Indian and Eskimo population be included.

Senator Sparrow: The reason for my question is that the total figure would be very interesting if it included LEAP projects that might be taking place on Indian reserves, and so forth. There may be many millions of dollars which we would not otherwise be aware of.

Senator Grosart: I am asking for the total expenditures.

The Chairman: You would have to make a request of each department, Mr. MacDonald. If you ask Manpower what they are spending on the Indian and Eskimo population, I think they could tell you with a reasonable degree of accuracy.

Senator Grosart: There must be someone somewhere in the government whose business it is to know what we are doing for the native population in total, not just on a departmental basis. There must be someone somewhere who has made this his or her business.

Mr. MacDonald: We will compile a report on that, senator.

Senator Benidickson: Vote L24d on page 46, under Indian Affairs and Northern Development, relates to loans to Indian and Inuit associations in relation to the settlement of claims arising from the James Bay development project. The last time we had supplementary estimates before us, Mr. MacDonald, there was some discussion about the James Bay project in general and the claims of the native people arising therefrom. Why is this referred to as loans?

Mr. MacDonald: The Indian and Inuit associations will repay these moneys, senator, when they receive settlements. The federal government is financing the costs related to their negotiations, and they will be expected to repay the moneys expended.

Senator Benidickson: So, the federal-provincial gross grant under that settlement will be subject to a deduction of loans advanced by the federal government for the purpose of establishing their claims?

Mr. MacDonald: That is correct.

The Chairman: In effect, it is an advance payment.

Mr. MacDonald: Except that it is subject to interest, Mr. Chairman. I believe this particular loan will be subject to interest.

Senator Benidickson: But there are quite a number of them in the main estimates. I believe there is a certain amount appropriated each year for legal and other costs to aid the native population in establishing claims.

Mr. MacDonald: That is correct.

Senator Benidickson: They are not loans, are they? They are outright grants, are they not?

Mr. MacDonald: They are both loans and grants, senator. They were grants in connection with the general preliminary investigation, but we are now at the negotiation stage.

Senator Benidickson: As I understand it, there is a five-year program to generally assist the native population in establishing certain assertions, if they have any, as to aboriginal and treaty rights, land claims, and so forth.

The Chairman: We move now to Industry, Trade and Commerce.

Senator Grosart: In connection with the acquisition by the government of the equity in Canadair Limited, I do not quite understand why vote L26d provides for a loan to Canadair Limited. Why are we lending money to Canadair? Is it so that the government can acquire an interest in Canadair?

Mr. MacDonald: Perhaps Mr. Richardson can respond to that question.

Mr. R. L. Richardson, Assistant secretary program branch, Treasury Board Secretariat: Mr. Chairman, this is a form of option agreement. It is an interest-free loan which will be recovered if the option is taken up. It is merely a form of option agreement. It gives the government an option up to a certain date to purchase Canadair, if it so chooses.

Senator Grosart: If it does not purchase Canadair, does the government lose money?

Mr. Richardson: The government will not lose the loan, but it will lose the interest thereon.

Senator Grosart: I don't quite understand that.

The Chairman: What exactly is the government buying in Canadair?

Senator Grosart: It will have an option to acquire the equity and notes of Canadair Limited.

The Chairman: If it is buying shares, the loan would go into increasing the assets. If it is buying shares, then the purchase price would go to the shareholders. The point I am making is that they are apples and oranges. If what is being purchased is equity interest in shares, then it is the shareholders who will be paid; if it is a loan, the loan is to the company. They are two separate entities.

Senator Grosart: The next item is consequential to this, that being vote L27d in the amount of \$26 million, which is also a loan item to Canadair. Could you explain this transaction, Mr. Richardson?

Mr. Richardson: Vote L27d is a loan to Canadair for inventory financing of water bombers. That is quite separate from the previous item. It is not a loan made in anticipation of the purchase of Canadair by the government of Canada, or the option to purchase Canadair. It provides interim financing for inventory of 13 CL-215 water bombers, with the company repaying that loan as it sells the water bombers.

Senator Grosart: This is an extraordinary type of transaction. If we acquire Canadair under the option to purchase, what we are doing is buying back our own \$26 million.

The Chairman: That might happen in any event, as it happened in the case of exploration by Eldorado. Vote L26d, however, is interesting.

Senator Grosart: But the government owns Eldorado; it does not own this company.

The Chairman: But we may own it. Your point in respect of vote L26d is well taken. I think perhaps we should have more details as to how the loan relates to the

purchase price and the terms of the option agreement. In other words, how does the loan reduce the purchase price in respect of the option agreement?

Senator Benidickson: I, personally, would like to see a copy of the option agreement, and I should like to have some information respecting DeHavilland and how successful that investment has been. I think this is on a par, in terms of interest, with the very substantial item or involvement under the supplementary in respect of Energy, Mines and Resources. I think we should have somebody from the department appear before the committee to tell us more about the plans in this regard and the nature of the agreement, and so forth. I think we should have this information in relation to Syncrude, the Sarnia-Montreal pipeline extension, Canadair, DeHavilland, STOL, and so forth.

Mr. Richardson: Just to confirm what I said earlier with respect to this loan, it is interest free to Canadair only if the option is exercised. At the end of the option period the government will either own Canadair and, therefore, have the loan paid up at that time as part of the settlement, or the option will expire, in which case Canadair would owe the government the amount of the loan. The loan, however, would be interest free during the period of the option.

The Chairman: What is the object of the loan, though? Clearly, the loan has nothing to do with the option to purchase, because it is not part of the purchase price. It is a separate item agreed to at the time of the granting of the option. It seems to be separated from the option itself. It is an interest-free loan.

Mr. Richardson: In respect of an option, there could be an amount of money given in consideration of an option agreement in order to hold the option open. In this case, the benefit to Canadair of granting the option to the government is the interest on that loan over the period the option is in existence.

Senator Sparrow: Interest-free money is the benefit.

Mr. Richardson: Yes.

The Chairman: I would still like to know what the loan is in respect of and also what the terms of the loan are. If the option is not exercised, then Canadair has an interest-free loan. If it does not crystallize at the moment the option expires, then what Canadair has achieved is an interest-free loan which may be extended for some considerable period of time and which may not have any particular repayment provisions.

Mr. Richardson: The interest-free loan expires as of the date the option expires, Mr. Chairman, should that be the case. In other words, the interest-free loan is only in existence during the period the option is valid. On expiry of the option, Canadair must then repay the loan.

Senator Sparrow: Or be subject to interest thereon.

Mr. Richardson: It is a brand new ball game after that point in time. As soon as the option expires, Canadair will owe the government the amount of the loan.

Senator Sparrow: When does the option expire?

Mr. Richardson: Some time in October, 1975.

The Chairman: But what was the loan in respect of? Was it for general working capital purposes?

Mr. Richardson: Yes, working capital for the company to its benefit.

The Chairman: I think we should have more detail on this loan.

Senator Grosart: I was going to suggest that we should perhaps have a description of the whole transaction, including vote L27d. In my view, that is consequential. That may be too strong a word, but certainly if you enter into an option agreement to buy something and then give that company \$26 million to go ahead with something else, the two are certainly related.

The Chairman: I would guess that the \$26 million is in respect of an ongoing program which has been in operation for some time. This is simply another appropriation in respect of that program.

Senator Grosart: I do not think so, Mr. Chairman; it is not described that way.

Mr. MacDonald: That is correct, Mr. Chairman. The government has assisted this company in this respect previously. In fact, there is reference in the public accounts to other loans to Canadair for purposes of the making of water bombers.

Senator Grosart: Why is there not a note to that effect under "previous estimates?"

Mr. MacDonald: "Previous estimates" always refers to this fiscal year's estimates. The loan to which I am referring was made in, I believe, 1972. "Previous estimates" refers to either the main or supplementary estimates of the current fiscal year.

The Chairman: As I recall, the agreement we looked at previously was that the government would make these loans and the company would use the money to finance inventory, and the loans would then be repaid in portion. They are not totally repaid. A portion of each loan is paid out of the proceeds of the sale of each aircraft.

Senator Benidickson: Are you referring to aircraft that are eventually purchased by the federal government?

The Chairman: No, senator. The explanation given previously was that in order to rationalize Canadair's production the government loaned the company money which it then used to build the water bombers on a continuing basis. The water bombers, with this loan, are then held in inventory and when they sell an aircraft they repay a portion of the loan to the government. It is a combination of a loan and a subsidy, if you like.

Senator Grosart: And an advance.

The Chairman: That is right.

Mr. MacDonald: The program, according to the reference in the public accounts under Appropriation Act No. 2, 1973, was a current and subsequent fiscal year loan authority.

The Chairman: Perhaps we can get a further explanation with respect to both items.

Senator Grosart: This discussion is rather interesting in view of what I started out saying. How would you estimate the recoverables with respect to this on the report you are going to provide the committee?

Mr. MacDonald: I think what you asked for, sir, were details on the nature of investments. I do not believe you asked for the recoverables on investments.

Senator Grosart: What I am asking for, Mr. MacDonald, is the potential recoverables in respect of any amounts in these supplementary estimates.

Mr. MacDonald: In every case where moneys are expended in the nature of investments, we would expect to recover the total. There are no loans in these estimates which are made on the assumption of their having to be repaid through subsequent appropriations.

The Chairman: Except this loan.

Mr. MacDonald: This loan will be fully repaid.

The Chairman: The \$26 million?

Mr. MacDonald: Yes.

The Chairman: I thought only a portion of it was repaid.

Mr. MacDonald: No, they repay it in time. It is the schedule of payment to which I think you are referring.

Senator Grosart: So these two items in the amount of \$26 million and \$3 million are not gone forever?

Mr. MacDonald: That is correct, senator.

Senator Grosart: So there is a recoverable?

Mr. MacDonald: Yes.

Senator Grosart: That is what I have been trying to get at. I am wondering by what amount we would reduce the total in these supplementary estimates in relation to recoverables.

Mr. MacDonald: Just recoverables? What about capital expenditures?

Senator Grosart: I am interested in knowing the potential of the recoverables. I don't care what it is. I want to know by how much we can reduce the amount we are talking about today on a long-term cash flow basis by what might be the potential payback.

Mr. MacDonald: As the minister indicated, senator, the difficulty, taking the Eldorado situation as an example, is that we are not making a loan to Eldorado; we are making a payment to Eldorado, which is a government owned corporation, so that it will conduct what amounts to a service.

Senator Benidickson: But we own Eldorado.

Mr. MacDonald: That is right, but I think there is a difference in kind between making Eldorado Nuclear Limited a loan of \$1 million, which then stands as an asset on its balance sheet, and making a payment of \$1 million, which is then used for the purposes of exploration. If Eldorado gets lucky and acquires some multi-million dollar asset as a result of that process, it will be very much in the rich, but the nature of the transaction is fundamentally different. We can take the simple-minded approach and talk about those which are classified as investments, those which affect the balance sheet, or we can attempt to look at every expenditure which is not of a strictly operational character. That is our dilemma.

Senator Grosart: I think what you are saying, Mr. MacDonald, is that you think it is practical to give us this kind

of accounting in respect of investments, but not in respect of loans and advances.

Mr. MacDonald: No, because the loans are described as such.

Senator Grosart: Where the expenditure is described as a loan, unless it is in respect of the CBC, we assume it is recoverable.

The Chairman: I think what Mr. MacDonald can do for us, if I understand him correctly, is that he can give us in dollar terms the amounts expended in the estimates for investments or loans that would have an ongoing recoverable effect. I think where he is having difficulty is in quantifying the recoverable amounts. To take his example of the \$15 million which the government has put into Eldorado Nuclear Limited, in quantifying that expenditure, it could turn out to be zero or several hundred million dollars, depending on whether or not uranium is discovered.

Senator Grosart: For my purposes, Mr. Chairman, I should like to have itemized totals of those items where we can expect recoverables.

The Chairman: I think Mr. MacDonald can provide us with that information.

Senator Grosart: What the percentage of recovery is, I do not care. What I am asking for is the specific votes in these supplementary estimates (D) where the government can say that the money has not gone forever, as is done in the business community.

The Chairman: Or may not be gone forever.

Senator Grosart: Yes.

Senator Benidickson: Are we going to get a copy of this option agreement?

The Chairman: We are going to get an explanation, Senator Benidickson.

Senator Benidickson: Can we get a copy of the agreement?

Mr. MacDonald: I think that is possible, Mr. Chairman.

Senator Benidickson: It is my hope, Mr. Chairman, that the committee can be provided with a copy of that agreement before reporting to the Senate on supplementary estimates (D) so that any comments in respect thereof can form part of the report to be made to the Senate.

The Chairman: Senator Carter.

Senator Carter: On this point, Mr. Chairman, at every committee meeting in respect of estimates we ask certain questions which cannot be answered at the time, the result being that we get the information on paper at some subsequent date. When this arises, there is no way of getting that information on the public record. Information such as this, I think, is certainly part of this inquiry and should form part of the public record.

The Chairman: The fault for that lies entirely with your chairman. I am beginning to change my approach. As you will recall, my previous approach was not to print any extraneous material, but merely to have the record of the hearings themselves. If anyone wished briefs or other material, they were supplied. What prompted that approach was the incredible cost of printing involved in this opera-

tion. However, we have had so many requests for the public recording of these documents in respect of the committee's hearings on the Manpower Division of the Department of Manpower and Immigration that we have changed that approach. We still police it carefully and try to put only those documents into the public record which we feel are meaningful.

There is no doubt that these documents can form part of the public record. The only thing I should like to have your cooperation on is that we do police it. Some of this material may be of interest to one or two individual senators, or even the whole committee, but not essential to the public record. That is the only request I have in that respect.

Senator Grosart: As I requested a written explanation with respect to this transaction, Mr. Chairman, I think we can take it for granted that it will be an accurate description of the contract itself. We might also have the contract, if Senator Benidickson wishes—and I think it would be desirable—but for publication purposes I think it would be sufficient to publish the explanation provided by Treasury Board.

Senator Benidickson: The Syncrude agreement and the Sarnia-Montreal pipeline agreement have been made public. I do not know why the option agreement relating to Canadair should not also be a public document. Perhaps it already is.

Senator Grosart: I believe it is, senator.

The Chairman: Once a document is given to a committee, it becomes a public document.

Senator Grosart: That agreement has already been tabled in the other place.

The Chairman: It is just a question of whether we print it as part of our record, Senator Benidickson.

Senator Grosart: Where we are on a timetable, there is no reason why the committee could not issue a supplementary report to the Senate on any additional material provided, and perhaps a convenient time for doing so would be during consideration of an appropriation act arising from the estimates. We do run pretty close to the deadline.

The Chairman: We are trying to lengthen it more and more.

Senator Benidickson: We have more time to consider supplementary estimates (D) than we have had in respect of other supplementary estimates in previous years.

The Chairman: We are improving, even if it is only by a matter of ten days. If there are no further questions in relation to Industry, Trade and Commerce, we will move to Justice. Are there any questions in relation to Justice?

Senator Grosart: No, Mr. Chairman.

The Chairman: Next, we deal with Labour.

Senator Yuzyk: Mr. Chairman, I understand that the Minister of Labour is also the minister responsible for multiculturalism, but I do not see it listed.

Mr. MacDonald: No supplementary estimates are sought in respect of multiculturalism.

The Chairman: Amounts in respect of multiculturalism, of course, will be included in the main estimates for 1975-76.

Senator Benidickson: This committee, of course, conducted a very extensive and, I think, worthwhile study in respect of Information Canada. I see the supplementary estimates for Information Canada is quite large. The total for the current fiscal year is \$8,187,563. How does this year's figure in respect of manpower compare with the figure in the last fiscal year?

Mr. MacDonald: Those figures are in the main estimates.

Senator Benidickson: The supplementary vote in supplementary estimates (D) does not involve anything for wages, does it?

Senator Grosart: It is only one program.

Mr. MacDonald: This is entirely for purposes of the loss in its Expositions Revolving Fund. The total manpower of Information Canada consists of three items: Information Canada proper; the Expositions Revolving Fund; and the Publishing Revolving Fund. Perhaps someone else could add that up.

The Chairman: We will come back to that.

Senator Grosart: On this matter of the Expositions Revolving Fund, Mr. Chairman, this was discussed when we had officials of Information Canada before the committee. Perhaps Mr. MacDonald and his officials can provide the committee with particulars showing the profit and loss situation on each exposition, say, in the last year.

Mr. MacDonald: On each exposition?

Senator Grosart: Yes. It holds, perhaps, one exposition a month around the world.

Mr. MacDonald: There would not be a profit or loss on each exposition, senator. The problem is that the total costs involved in operating this Expositions Revolving Fund is less than the revenue derived from the expositions. There would not be a profit or loss on each exposition.

Senator Grosart: There would be a bookkeeping profit or loss, because in making up the estimates the costs of each exposition would have to be estimated.

Mr. MacDonald: I could be wrong, senator, but the problem arises in that there is a certain amount of overhead involved. It does not really derive sufficient business from its customers for mounting the expositions in order to cover the overhead costs. If \$1 billion worth of business was required to break even and there was only a demand for \$800,000 because of a fall-off in demand for the services provided, then a loss would be suffered, as opposed to a loss being suffered on each exposition.

Senator Grosart: But the loss would result from a series of particular expositions. I am interested in knowing where they are successful and where they are not successful.

The Chairman: What you really want, Senator Grosart, is the amount of the grants to each exposition and the amount of any offsetting income from such expositions.

Senator Grosart: It would not be a grant to a specific exposition, but the department itself would have to estimate the profit or loss, or whatever you want to call it, in respect of each exposition.

The Chairman: What you want is the net cost of each exposition.

Senator Grosart: That is right.

Mr. MacDonald: The Expositions Revolving Fund in the main estimates for 1974-75 expected that the department would have to make expenditures in the amount of \$6.1 million and was expecting to receive revenues of \$6.1 million. It therefore hired 217 people. It has to meet the total costs of its operations, and in respect of each exposition it would have certain charges it would make to its customers, whether External Affairs, Industry, Trade and Commerce, or any other department, and if it does not get enough business, it still has to meet most of this \$6.1 million.

Senator Grosart: I appreciate that it is not a large amount, but I am interested in knowing where the department is being more successful than it expected and where it is being less successful. The department itself, in reaching this figure of \$6.1 million, which is part of the \$8 million in the previous estimates—

The Chairman: It is not part of the \$8 million. Only \$136,000 is part of the \$8 million.

Senator Grosart: The \$8 million is the previous estimate as to the total cost of this program, and the department has fallen short by \$136,000.

The Chairman: The \$8 million is the total cost of the whole of Information Canada.

Senator Grosart: I should say, the \$6.1 is the estimate for the expositions.

The Chairman: Yes, but it is not included in the \$8 million.

Mr. MacDonald: It is not money which is appropriated. This is revolving fund. It receives its income entirely from other departments. The Expositions Revolving Fund is not provided money year-by-year by Parliament. It has been provided with the capability of drawing down against the Consolidated Revenue Fund for working capital. It is then retained by External Affairs for example, to mount an exposition, and it receives money from External Affairs for the mounting of that exposition. It would not make a profit or loss on any exposition; it would receive what it charges to the Department of External Affairs for the mounting of the exposition, or any other department which wishes to have an exposition.

Senator Grosart: What is the total of the Expositions Revolving Fund at the moment?

Mr. MacDonald: The Expositions Revolving Fund was established in 1970 and its authority amended in 1971. It has a drawing account to \$1,750,000 as working capital. It expected to do in the course of the current fiscal year \$6.1 million worth of business. It did less than expected and, therefore, suffered a loss on its operations.

Senator Grosart: It has gone through the ceiling, in other words, and is merely asking for a reimbursement of the amount over the ceiling. If it happens again they will come back, rather than increase the ceiling of the fund, which would seem to be the sensible thing to do.

Mr. MacDonald: This particular revolving fund is the object of a special study, senator, and a report is expected

to be made to Treasury Board in the near future. It has chronically been in a deficit position. To increase the ceiling of the fund does not seem to be the solution. Either the fund will have to be deliberately subsidized in some way or some restrictions placed on its operation.

Senator Grosart: Possibly reduce the ceiling.

Mr. MacDonald: That is correct.

Senator Yuzyk: To get back to my original question, Mr. Chairman, I have looked in the main estimates and I do not see any section in respect of the minister responsible for multiculturalism. I want to know how he accounts.

Mr. MacDonald: When the main estimates for 1974-75 were introduced in the House of Commons, senator, the responsibility for multiculturalism lay with the Secretary of State, the Honourable Mr. Haidasz, and the estimates for the Secretary of State under the citizenship program you will find operating expenditures of \$2,397,000 provided, and grants and contributions of \$9,973,000.

Under the authority of the Public Service Rearrangement and Transfer of Duties Act, an order in council was passed this year transferring that responsibility from the Secretary of State to the Minister of Labour, but this happened after the estimates were introduced in the House of Commons.

Senator Yuzyk: In the future, then, we will have a budget in respect of multiculturalism included in the estimates for the Department of Labour?

Mr. MacDonald: It will appear in the 1975-76 main estimates as an entry in the estimates for the Department of Labour. For the current fiscal year, it appears as an entry in the estimates for the Department of the Secretary of State.

Senator Benidickson: Unless there is another toss-around of multiculturalism as a result of the Public Service Rearrangement and Transfer of Duties Act.

Senator Yuzyk: I am trying to follow the minister. We have two, and that one is a lame-duck minister.

The Chairman: We now move the Manpower and Immigration.

Senator Grosart: On Manpower and Immigration, Mr. Chairman, I have a question in respect of the amount of \$19 million for the Adult Training Program. Perhaps this question might be better put to the officials of the Manpower Division when they appear before us tomorrow. What is the significance of the unanticipated \$19 million expense in respect of adult training?

Mr. Richardson: This results from the increased costs incurred by the provinces for which the federal government is now reimbursing the provinces. The increased costs are largely inflationary costs in respect of teaching institutions.

Senator Grosart: This is an open-ended item, is it, where the costs are uncontrollable at the federal level?

The Chairman: It should not be. As I understand it, agreements are entered into prior to the fiscal year for which training services are contracted. I would have to wonder, as Senator Grosart does, why there is an extra \$19 million required. It would seem that an agreement has been re-opened.

Senator Grosart: I assume it would be open-ended.

The Chairman: I do not believe the agreements are open-ended.

Mr. MacDonald: They are not open-ended as to the training days, but at least at this particular stage they were open-ended as to the costs. The federal government pays for the costs of the training days, and as you are aware there have been salary adjustments for teachers at the provincial level resulting in higher costs to the provinces for which the federal government is now reimbursing them.

Senator Grosart: Is the whole of the \$19 million in the way of reimbursement to the provinces?

Mr. MacDonald: Yes.

Senator Sparrow: Are you suggesting, Mr. Chairman, that there is really no way of budgeting on a manpower basis so that we can be sure of the budget for the fiscal year?

The Chairman: It is different from that. What happens is that the federal government enters into agreements with the provinces to supply so many training days in different areas of training. It estimates how many welders will have to be trained, how many accountants, and so forth, and it enters into agreements for a given number of training days. It then pays the money in respect of those agreements and subsequently it has to use up those training days. If it fails to use them, the money is still payable. A very interesting point is that while the training days are fixed, apparently the costs per training day are not fixed, and if the costs increase during the course of the year, there is an amendment to the agreement.

Mr. MacDonald: The Manpower Division of the Department of Manpower and Immigration is now attempting to enter into arrangements where the costs are more fixed. You will probably want to explore that with the officials when they appear before you committee. The difficulty is that in respect of most fiscal years, the main estimates provided for money to adjust the costs of prior years, because the costs are determined after the event, according to an audit of what the provinces actually spent. I believe I am correct in saying that the minister responsible has been attempting to negotiate agreements where the provinces will have to control the costs in order to live within agreed costs.

The Chairman: We will have the departmental officials before us tomorrow on the specific subject of training. Certainly, these agreements are of great interest. I do not know how they are administered. The department contracts for these services at least a year or a year and a half in advance.

Mr. MacDonald: I think the department is now attempting to finalize agreements with respect to the whole of 1975-76.

The Chairman: So that would be for about 15 months.

Mr. MacDonald: Yes.

Senator Grosart: We are back to the winter works problem.

The Chairman: This is even more difficult, because if the department contracts to train 1,000 welders, it has to find people to take training in 1,000 welding jobs. I think

this is an area on which the committee can question the departmental officials tomorrow.

Senator Carter: Are these agreements public documents?

Mr. MacDonald: They might very well be, senator. I have not seen them published.

Senator Carter: They could be produced to the committee, if it so requested.

Mr. MacDonald: I presume so. The officials will be able to advise you in that respect.

Senator Benidickson: The consent of the provinces concerned may have to be obtained. As I understand it, there is always a proviso that the provinces concerned must give their consent.

The Chairman: Perhaps you could raise that with the departmental officials tomorrow, senator. We now move to National Defence.

Senator Benidickson: With respect to your earlier observation, Mr. Chairman, as to undue printing, is the document with which we were provided shortly before the meeting entitled "Explanation of One Dollar Items in Supplementary Estimates (D)" to be made an appendix to today's proceedings?

The Chairman: If that is the wish of the committee.

Senator Grosart: That has always been the practice.

Senator Benidickson: I think the supplementary estimates themselves are incomprehensible without this document.

The Chairman: In the past we have sometimes made it an appendix to the committee proceedings and sometimes an appendix to the report itself. Is it the wish of the committee that these two documents in explanation be made appendices to today's proceedings?

Senator Grosart: Is this published as an appendix to the proceedings of the committee in the other place?

Senator Benidickson: The problem, Senator Grosart, is that these estimates were discussed in a number of committees of the other place.

The Chairman: It has been my practice to attach these documents to the report of the committee, which is then printed as an appendix to *Hansard*.

Senator Benidickson: I have had occasion to attend meetings where strong representations were made by the Minister of National Defence to increase and re-emphasize the cadet program. I think the effect of this \$1 item is to authorize the transfer of almost \$7 million. You can correct me if I am wrong, but what I was going to say was that the explanation of the \$1 item refers to the fact that girls are now in the cadet program, and it also refers to a transfer.

First of all, is it for the cadet program; and, secondly, how much is the total provided this year by the Department of National Defence for the so-called cadet program?

Mr. MacDonald: The \$1 item is to permit payments to be made to female cadets. The act presently provides only for male cadets. The transfer of \$6,999,999 is for purposes of the general costs within operations, taking into account the fact that capital expenditures have been less than

expected. I will have to get the material for you, senator, as to the total expenditure provided for the cadet program under the main estimates.

The Chairman: Is it the wish of the committee to have this material printed as an appendix to today's proceedings or as an appendix to the report of the committee?

Senator Grosart: I would suggest that it be printed as an appendix to the report of the committee, Mr. Chairman. It will then form part of the proceedings of the Senate, not merely the proceedings of this committee.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: While we are on the subject, is it the wish of the committee that the other document in explanation of certain other items form part of the record of today's proceedings?

Senator Benidickson: The only item which I would propose having printed as an addendum to today's proceedings, Mr. Chairman, is the table that has been provided as to why we have an appropriation in the amount of approximately \$700 million with respect to the Old Age Security Fund.

The Chairman: Perhaps we can leave that until we come to it. I am wondering now whether it is the wish of the committee to have this further document in explanation of certain items in supplementary estimates (D) form part of the record of today's proceedings.

Senator Manning: Mr. Chairman, I think you will find that there is not more than a handful of people who read the proceedings of committee meetings. I see no real need to publish this type of thing, as it will probably be only read by a handful of people in any event.

Senator Benidickson: Bearing in mind that it will form part of the report of the committee, I am quite satisfied.

Senator Grosart: Mr. Chairman, I would be inclined to say that it should be tabled along with the report of the committee.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: We now come to National Health and Welfare.

Senator Grosart: I have some questions in this respect, Mr. Chairman. Here again we go beyond the ceiling. The Unemployment Insurance Fund went broke. Now the OAS Fund has gone broke.

Mr. MacDonald: The OAS Fund was broke originally in 1973-74, senator, following the indexing of pensions.

Senator Grosart: Is this \$700 million entirely due to indexing?

Mr. MacDonald: I believe so, yes. As you may be aware, it was contemplated that a bill would be introduced to change the nature of the funding of the Old Age Security Act so as to make it a charge against general revenue rather than against those specific items of personal income taxes, corporate taxes and excise tax. That bill was actually tabled before the last general election, but has not been reintroduced.

Senator Grosart: It was tabled?

Mr. MacDonald: Yes.

Senator Grosart: So it received first reading.

Mr. MacDonald: I believe so, yes.

Senator Manning: I have a question, Mr. Chairman, but it is perhaps a policy matter and should be addressed to the Minister of the Department of National Health and Welfare. I am wondering whether any serious consideration has been given to the idea of adjusting the supplemental payments to pensioners as an alternative to indexing of the basic pension. It seems very unsound to index the basic pension, thereby increasing the basic pension for a great many people who have no real need of it, whereas it could be redirected to those who do require it by adjustment in the supplemental payments. As things presently stand, we are increasing the basic pension for a great many people who have no need of it.

Mr. MacDonald: As you suggest, senator, I think it is a matter of policy and should probably be addressed to the Minister of National Health and Welfare.

Senator Grosart: If I might comment on that, Mr. Chairman, there is some resistance to doing that, largely because there is an element of a means test in the system. We do not call it a means test; we call it an incomes test, but it is, in effect, a means test.

Senator Manning: That is my reason for suggesting it. It seems to me that somewhere down the road we are going to have to concern ourselves with the taxpayers. All we are doing under this system is pushing the line higher and higher, thereby pushing a great many people out of the taxpaying category and into some form of social assistance program. To my mind, this is completely out of hand.

Senator Benidickson: If I heard correctly, it was stated that the substantial rise in the need for appropriations such as this of \$700 million for this fiscal year and \$235 million for the fiscal year 1973-74 are attributable to indexing. It is not just as attributable to the introduction of the supplemental income program?

Mr. MacDonald: I think not, senator. You appreciate the fact that this fund receives a certain number of percentage points in respect of personal income tax, corporate tax, sales tax, and so forth, and the revenue of the fund before indexing was sufficient that, in a sense, the fund was a source of revenue as opposed to being a net charge.

Senator Benidickson: When was GIS introduced?

Senator Grosart: Six years ago.

Mr. MacDonald: At least that, yes.

Senator Grosart: As a matter of fact, it was introduced as a result of a recommendation of the Special Senate Committee on Aging. I should imagine that the indexing has decreased the payments in respect of supplemental benefits. As I recall, the supplemental benefit was \$30 over and above the then basic \$75.

Senator Benidickson: The universal payment being \$75?

Senator Grosart: That is right. I have forgotten whether the supplemental has been increased or not.

Mr. MacDonald: The supplemental benefit has been increased. I think all aspects of the program are now

indexed so that the level at which you become eligible for the supplemental has also been increased.

Senator Grosart: I have not been keeping track of it.

The Chairman: Your point, Senator Manning, is that indexing should be confined to the supplemental payments and that the universal payment should be left alone.

Senator Manning: That is right.

The Chairman: I agree with you wholeheartedly.

Senator Manning: The reason for raising it, Mr. Chairman, is that I think as legislators we have to recognize that the indexing of pensions is not confined in its effect to the public sector. It has now become the basic document for indexing in the industrial sector and payments outside the public sector altogether. If we want to guarantee permanent inflation, I think this is the best way of doing it.

The Chairman: I have to disagree with you in that respect. I think there is a case for indexing payments, provided a need can be shown. I do not agree with your general argument, but I agree with your specific argument that the indexing should be confined to the supplemental payments. Clearly, a needs test is already being employed, and it has been shown that the need certainly exists.

Senator Manning: That was my point. I do not think we have begun to measure the indirect effects on the price levels in Canada of this whole policy of indexing. It has now spread into labour agreements, industrial pensions, and all other fields, all of which, of course, is coming back to the consumer in the price of goods.

Th Chairman: I think we could enter into the economic argument. If we did, I would have to make the point that double-digit inflation automatically leads to indexing.

Senator Manning: My point is that the opposite is equally true.

The Chairman: You would have to reread "Growth Employment and Price Stability" in which we argue the other side. I can mention the point you have made in the report of the committee, if that is the wish of the committee.

Senator Grosart: I would think not, Mr. Chairman, because it does not relate directly to the supplementary estimates. I think this is something on which we would want to canvass the opinions of all members of the committee. I can see both sides, but I am not at the moment prepared to say that I would be in favour, without more information, of indexing only the supplemental payments. I agree with Senator Manning's point generally, but I should like to go into it in much more detail.

Senator Carter: Are we sure that the supplemental payments are not indexed?

Mr. MacDonald: I notice from the Public Accounts that the supplemental payments are already indexed.

The Chairman: Senator Manning's point is not that they are not presently indexed, but that the indexing should apply only to the supplemental payments and not to the universal payment.

Senator Carter: Are you recommending, then, that the basic pension be frozen as of a specific date?

Senator Manning: Yes.

Senator Carter: And then the supplemental allowances would be indexed?

Senator Benidickson: Yes, inasmuch as there is an incomes test to qualify for the supplemental benefits.

Senator Grosart: Without more information, as I say, I would not agree with that. You have to realize that the needs test in respect of the supplemental benefit only applies to income, not to capital assets, and such a step would result in what might be regarded as an unfair distinction between the two classes of people who are in receipt of, and many of them in need of, old age pensions. It could very well be that indexing only the supplemental benefits would place an unfair burden on the portion of those who de need it but who would not benefit from the supplemental allowances. In other words, I should like to go into this in much more detail before agreeing to any recommendation.

The Chairman: I would like to argue that point, but it is really not the proper time to get into it. Perhaps we had better deal with it another time. Perhaps Senator Manning and I can make impassioned speeches in the house on the subject.

Senator Grosart: It is a very interesting suggestion, but I should like to have more information as to its effect.

Senator Carter: I am inclined to agree with Senator Grosart. I think we should look at it in a little more detail.

The Chairman: Clearly, that is the opinion. We now move on to National Revenue. If there are no questions in relation to National Revenue, we will move on to Parliament.

Senator Benidickson: What manpower increase is involved in vote 5d for the House of Commons?

Mr. MacDonald: There are no man-years involved at all, senator.

Senator Grosart: Vote 5d is one of these "notwithstanding" votes. I hope you will not think I am dealing in personalities here. We are all aware of the person involved. However, this vote states:

—notwithstanding Section 10 of the Senate and House of Commons Act—

It is, in effect, an amendment to the act.

Mr. MacDonald: It is not an amendment, senator. If it were an amendment, it would continue. The only way that this amount may be apid in subsequent years is through an item in the estimates to pay it.

Senator Grosart: But for the time being it is, in effect, an amendment to the act, The act as it now stands would not include this payment.

The Chairman: Perhaps you could explain what it is, Mr. MacDonald.

Mr. MacDonald: The Senate and House of Commons Act requires that there must be a certain number of members from the Social Credit Party before this remuneration can be paid, and the Social Credit Party falls one short of this number. The purpose of this vote is to seek the authority of Parliament to make this payment to the Honourable Mr. Caouette. I believe I am correct in saying that an amendment to the act would be something that would change the act itself, rather than setting it aside. I think it would have

been possible to allow for this payment to be made without reference to "notwithstanding Section 10"; but simply to ask Parliament to make the payment to the Honourable Mr. Caouette of \$2,926. The "notwithstanding" is a matter of clarification to bring out the apparent conflict, rather than amending the act itself.

Senator Grosart: It is a matter of semantics. It is a matter of what is meant by "amendment". If you change the effect of an act, change numbers in an act, as you do in this case, you amend it.

The Chairman: I think what Mr. MacDonald is saying is that it is not an ongoing thing; it will expire at the end of this fiscal year.

Senator Grosart: I agree. Are the Standing Orders of the House of Commons involved in this?

Mr. MacDonald: I believe not.

Senator Carter: This is something similar to when we suspend our rules in the Senate.

The Chairman: I think Senator Grosart's point is that it is an amendment, but it is an amendment that expires at the end of this fiscal year. I think that is probably right. What we are doing, in effect, is making the Honourable Réal Caouette a leader when he, in fact, is not a leader under the terms of the fact.

Senator Grosart: What period does this cover?

Mr. MacDonald: He would have been in receipt of this payment up until the election, and this will cover the period from the date of the election to March 31, 1975.

Senator Manning: I do not know what motivated the House of Commons to decide to do this. There may have been some valid arguments, but as a general observation I think it is a very dangerous precedent to change the act in this way. I do not see how Parliament could refuse a similar request in future years.

Senator Grosart: We have this problem with any "notwithstanding" item. The very word says, "To hell with the act". In effect, the government can say, "We don't like the act and we are going to change it by way of supplementary estimates. We are not going to go to Parliament and say we want to make a fundamental change in this act; we will just toss it into the estimates as a \$1 item." As you know, I have always had doubts about this method.

The Chairman: The danger here is probably particularly acute in that it does establish a precedent. The other place may well live to regret it.

Senator Grosart: The leader of a party in the other place with only 11 or 12 elected members could make the same request. We have to look at the act and decide what is the proper number. This goes to the principle of the act. What happens if a party has only five or 10 elected members?

Senator Carter: We are converting to the metric system next year!

The Chairman: We now come to the Post Office.

Senator Benidickson: No questions.

The Chairman: Privy Council.

Senator Benidickson: No questions.

The Chairman: Public Works.

Senator Grosart: With respect to the Accommodation Program, Mr. Chairman, we again have this phrase, "New Major Capital Projects." Would you again relate this to the main estimates, Mr. MacDonald?

Mr. MacDonald: The main estimates, Mr. Chairman, provided an amount for the Accommodation Program of Public Works. There have been advances to the construction program that were not known at the time, so that while at page 21-22 of the main estimates and subsequent pages there are lists of the major capital projects planned, these are additional capital projects now planned. No further money is being sought for the current fiscal year.

Senator Grosart: What was the total appropriation under this item of Public Works in the main estimates?

Mr. MacDonald: The capital vote was \$210,335,000.

Senator Grosart: What is the disclosure rule, Mr. MacDonald, as to the amount involved in the program when it is required to be voted on specifically?

Mr. MacDonald: If capital expenditures within a program equal or exceed \$5 million, there must be a separate vote within the program, but it was arrived at as a convention that we would list the capital projects where the total cost was expected to be \$250,000 or more, except in the case of National Defence where, I believe, it is \$1 million or more.

Senator Grosart: But if there was a program requiring \$6 million within this \$210-million vote, it would have to be voted on separately?

Mr. MacDonald: No, senator. I think you are referring to a practice of quite some years ago when I think even a \$25,000 item had to be specifically listed and approved by Parliament. That practice has not existed now for some years. When the new form of estimates was developed by the Public Accounts Committee, we adopted this ultimate approach of a total capital program plus a listing of projects involving expenditures of \$250,000 or more.

Senator Grosart: So this is for information only. What you are saying, in effect, is that the department has authority to go ahead up to \$210 million?

Mr. MacDonald: Yes. That is a total cost, by the way, not the costs in a given fiscal year.

Senator Benidickson: What it means is that since the main estimates were published, these new major capital projects have been approved. Some were not being proceeded with, so there is available enough money to provide for these new projects.

Mr. MacDonald: That is correct.

Senator Grosart: Are you saying that none of these would have been anticipated in the main estimates?

Mr. MacDonald: None of these would have been listed in the main estimates.

Senator Grosart: Would have been anticipated.

Mr. MacDonald: In one sense of that word, I suppose, yes. They may have been at some stage of development, but not sufficiently far advanced to make meaningful a presentation in the list set out in the main estimates.

Senator Grosart: The reason I ask is that it would seem unusual that \$19 million and \$14 million projects would not have been in somebody's mind at the time the main estimates were being prepared.

Mr. MacDonald: You have to appreciate, senator, that the list which appears in the main estimates is for the fiscal year 1974-75, and it would have been developed not later than October, 1973. We are now into March of 1975.

Senator Benidickson: With respect to the estimated total cost of \$19 million, only \$270,000 is being requested for this fiscal year in order to proceed with that project.

Mr. MacDonald: That is correct.

The Chairman: The next item is Regional Economic Expansion.

Senator Manning: On page 94, under the heading "Cape Breton Development Corporation," there is the heading, "Rationalization of the Coal Industry," for which \$84 million is requested. Can somebody tell me what that is? That is a lot of rationalization.

Mr. MacDonald: This covers the operation of the coal mine and the railway, the planning and implementation of phasing out of uneconomic mines, the development of the Lingan mine and the administration of pre-retirement leave plans. The total provision in the main estimates for those purposes was \$72 million, and this is a supplementary for \$12 million. I believe there were earlier supplementaries this year.

Senator Manning: Does this figure represent an actual loss of that operation, or is it the total cost of the operation?

Mr. MacDonald: There are some recoverables against that. There is accrued revenue of about \$35 million, so the actual amount that Parliament was asked to appropriate in the main estimates was \$37 million. Together with this additional \$12 million, the total appropriation would be \$49 million. The balance of the \$84 million was made up from revenue from the sale of the products.

The Chairman: And that is for just the one fiscal year?

Mr. MacDonald: That is right.

Senator Manning: The thing I find rather puzzling about this, Mr. Chairman, is the very significant change that has taken place in the coal mining industry in the last six months. I find it difficult to understand how an operation of this size can incur that kind of loss. I could understand it two years ago, but there has been a drastic change in the coal market in recent months.

Mr. MacDonald: Perhaps Mr. Richardson can provide further explanation of the details behind this particular item.

Mr. Richardson: I think the point you have made, Senator Manning, will come into play in the 1975-76 fiscal year. During the 1974-75 fiscal year there was some increase in the price of coal, but this corporation ran into production problems, thereby falling short of expected revenues. The improved economic situation for coal will probably show up in the 1975-76 fiscal year.

Senator Grosart: Vote L12d, Regional Economic Expansion, authorizes the operation of a Working Capital Advance Account. Is this being set up for the first time?

Mr. MacDonald: From reading it, senator, it would appear it is being set up for the first time.

Senator Grosart: How did the department handle this prior to the setting up of this account? It is not a very large account.

Mr. MacDonald: I believe further information in that regard is provided in the explanatory notes distributed to the committee.

Mr. Richardson: Mr. Chairman, it did operate without such an account. It has been set up because of the lag between the time in which the department incurred the costs and the time they are repaid through the municipalities and the provinces. It is a working capital account for that purpose.

Senator Grosart: Is the assumption that the revolving fund will stay in balance?

Mr. Richardson: Yes. It is a working capital advance account.

Mr. MacDonald: This becomes the difference between a working capital advance and a revolving fund. There is definitely money owed to Regional Economic Expansion by the other participants in these rehabilitation schemes, but it is not received in the current fiscal year in which Regional Economic Expansion has incurred these expenditures. This is a working capital account as opposed to a revolving fund, which is a self-contained operation with overhead, salaries, and all the other costs where losses occur. In a sense, losses do not occur in a working capital fund. It is a question of whether or not the working capital advance is involved.

Senator Grosart: So, the revolving fund is operating whereas this is really a capital advance?

Mr. MacDonald: Yes.

The Chairman: Next we come to the Secretary of State.

Senator Manning: Is the Company of young Canadians under the Secretary of State being phased out? I thought it had been phased out.

Senator Sparrow: It has been expanding.

Mr. MacDonald: I think, senator, the fact is they have been quiet for several years. The Company of Young Canadians disappeared from public view.

Senator Sparrow: They are spending the money quietly now.

Senator Benidickson: At the bottom of page 96 there is reference to a grant to the Canada Studies Foundation. I have heard of a Canadian Studies Commission. Is this the same thing? Can you tell me whether is the first time there has been a vote appropriation in this respect and what it is all about?

Mr. Richardson: This is operated by the provinces. I think this is the first time the federal government has contributed to it.

Senator Benidickson: Is this the Studies Foundation presided over by the former president of Trent University, Dr. Symons.

Mr. Richardson: I believe it is the same one, yes.

Senator Grosart: Under vote L74d we have another one of these animals, this one being called the National Film Board Operating Account. How do you distinguish that type of account from a revolving fund or a working capital fund?

Mr. MacDonald: In this particular case, senator, there are some accounts that were set up in legislation other than appropriation acts. In making reference to them, we have to use the terminology of the legislation. Regrettably, we have revolving funds, working capital accounts and working capital funds, and this refers to an operating account. They are all in the nature of an authority to draw from the Consolidated Revenue Fund which must, at some point, be replenished.

Senator Benidickson: They are not uncollectable, then?

Mr. MacDonald: No.

Senator Grosart: Will you not agree that it would be simpler if they were all given one name, such as operating accounts—which they all are?

Mr. MacDonald: The difficulty is that to rename all these items would require an enormous load of legislation.

Senator Benidickson: It is really an operating cost.

Mr. MacDonald: No, it is for temporary financing of films. The National Film Board does work for all the departments and it finances them on a temporary basis.

Senator Benidickson: And it will be credited by the departments and the departments will include the expenditures in departmental estimates?

Mr. MacDonald: That is right, senator.

The Chairman: We now move to Supply and Services.

Senator Grosart: We have another revolving fund here. As I remarked earlier, I have never seen so many of these revolving fund items in supplementary estimates.

Mr. MacDonald: As I said earlier, the reason for the large number of these types of funds is that the departments are running into inflationary pressures and need more working capital in order to operate.

Senator Grosart: They are hitting the ceilings?

Mr. MacDonald: That is correct.

The Chairman: Next we deal with Transport.

Senator Manning: There is a supplementary estimate of \$45 million in respect of payments to the Canadian National Railway Company. Are there arrangements under which federal funds are paid to the Canadian Pacific as well?

Mr. MacDonald: There are statutes, such as the Transportation Act, having to do with the operation of unprofitable branch lines.

Senator Manning: That is statutory.

Mr. MacDonald: Yes. This vote deals with the special relationship between the government and a Crown corporation with respect to its operating deficits.

The Chairman: This is handled differently from the CBC, though, isn't it?

Mr. MacDonald: No, Mr. Chairman. Payments are also made to the CBC.

The Chairman: Are there not loans made to the CBC?

Mr. MacDonald: Not any longer, Mr. Chairman. We suspended that because of the fact that those loans were going to require appropriations.

Senator Benidickson: Including the obligation to pay interest on borrowings, has the Canadian National Railway Company ever provided a surplus—not an operating surplus or profit, but including its obligation to pay interest on its debt, has it ever in any year provided a surplus?

The Chairman: I suspect it did early in the Donald Gordon regime, because the government wrote off all the debt.

Senator Benidickson: In 1951 the government wrote off about a billion dollars, but by no means all of the debt.

The Chairman: I stand corrected.

Mr. MacDonald: I am afraid I do not have an answer to your question, senator.

Senator Manning: Still on Transport, is the \$5 million to Air Canada shown in the supplementary estimates as a loan an actual loan, or is this a CBC type loan which will never be repaid?

Mr. MacDonald: These are actual loans, senator.

Senator Manning: They are repaid, then?

Mr. MacDonald: Yes.

The Chairman: Does Air Canada pay interest on these loans?

Mr. MacDonald: Yes, at the Crown corporation interest borrowing rate.

Senator Grosart: While we are dealing with Transport, can you fill us in as to what is going on at Mirabel? The estimated loss was \$7 million; it is now up to \$15 million. We now have this transfer to the Minister of Public Works as dealt with by vote 20d(b).

Mr. MacDonald: My figures may not be exact, but because of the fact that it was worried about the usual problems which arise at large airports, of people building up to the edge of the airport and creating problems in later years, the government acquired about 80,000 acres of land, of which only about 16,000 are necessary for the actual operation of the airport itself. The Mirabel Airport is financed on another revolving fund and, therefore, the cost of this land was carried as a charge against the revolving fund, although it is not in any sense directly associated to the operation of the airport itself. The cost of carrying this land became part of the general lands that the government holds.

This item is in connection with the transfer of this peripheral land—that is, the land not necessary to the airport itself—to the Minister of Public Works and the writing off of the cost which was incurred in acquiring the land.

Senator Grosart: Would this be an item where there would be some recovery? It is \$139 million. Is it the intention of the government to exploit this land in some way?

Mr. MacDonald: Yes. The government is presently realizing a modest amount in the way of rents from some farmers, and activities are under way for the industrial exploitation of some of the land for industrial parks, recreational, and a number of uses of that kind.

Senator Grosart: So the government will control the development of this land?

Mr. MacDonald: That is correct.

Senator Grosart: And that is why this transfer is taking place to the Minister of Public Works?

Mr. MacDonald: Yes. The Department of Public Works is the government's property manager, while the Department of Transport operates its airports. There is no continued worthwhile association of this land with the airports.

The Chairman: Who will set the criteria for Public Works development of this land?

Mr. MacDonald: There is a policy role to be played by the Minister of State for Urban Affairs, and the criteria would come to Treasury Board for approval or cabinet for approval, depending on the policy questions at issue.

Senator Manning: So, this land will eventually be sold to industrial developers?

Mr. MacDonald: It might be, senator. I am not aware of the current plans. It is really a question of whether satisfactory arrangements can be made for its control before it is sold.

Senator Grosart: It would seem that by transferring this land to Public Works you would distort the airport costs to the federal government. There may be a profit to be made on this. If the land remains with the Department of Transport and there is a profit, it could offset that profit against the cost of the airport, whereas if it goes to Public Works there can be no offset.

Mr. MacDonald: I think, Senator Grosart, the airport would always be in a chronic loss condition, because it would be required to assume costs that were not appropriate to the airport itself. Had the zoning arrangements been arrived at, for instance, they would not have acquired the land.

Senator Grosart: If they do not make a profit on the land, they will be the only ones in Canada who will not be making a profit. They got it for this amount, and are they going to develop it to their own standards? It would be reasonable to assume that they would make a profit eventually.

Mr. MacDonald: It is a question, senator, of which department of government is responsible for the management of the land, as such. It has been the Public Works Department.

The Chairman: Why would they not caveat it and sell it off?

Mr. MacDonald: We would then have a problem of who gets it—whether it goes into a mink farm or high rise development—

The Chairman: If there were caveats and restrictions on the use of the land—

Mr. MacDonald: There is the question of provincial jurisdiction involved.

Senator Manning: Would it not be a more businesslike arrangement to separate the property required for an airport from this peripheral land—which, as you say, has nothing to do with the airport, it is a matter of the problem of zoning rights—so that the two things do not get mixed up in costs?

Mr. MacDonald: This was possible at Pickering, but it has not been found possible at Mirabel.

Senator Grosart: I think it is very much associated with the operation of the airport. It would be protection against claims from the public about jet plane noise, et cetera. It would mean a control of the access lines. I think it is very much part of the airport operation. Obviously they do not want high-rise buildings on a flight path. Where do you stop? My suggestion is that my transferring it to Public Works you take it too far away from the operation of the airport. It is part of the operation of the airport. However, if you say there is a requirement that public land not specifically associated with any other project in the department must come under Public Works, then that is the answer.

Mr. MacDonald: That has been government policy in respect of all land.

The Chairman: There is some concern, if it has gone to Public Works and is surplus to the airport needs, about what Public Works does with it. I do not understand these provincial restrictions.

Mr. MacDonald: I am not well versed in that, but I believe it was not possible to arrive at a satisfactory zoning of the land around the airport when Mirabel was first developed. The alternative was to acquire all of the land. It has now been transferred to people who have normally the responsibility for the administration of federal land which is not required for the operation of the government—the Public Works Department holds much of the land of this type—and they can proceed to develop or dispose of the land as seems appropriate. I am not suggesting that all of this land will remain, in the long term, under the direct control of the Public Works Department. Some of it may in fact be disposed of.

Senator Grosart: What the government is doing is taking this out of the provincial jurisdiction as to zoning.

The Chairman: They are bound to be affected by zoning, but they could accomplish the same thing by putting on a building restriction and selling off the land.

Senator Grosart: It might be more than just building. There might be ongoing restriction. Obviously they want to live with it and see what is the best possible development of the land in proximity to the airport.

Mr. MacDonald: As you would be aware, the whole settlement of the land which was expropriated may not be entirely resolved. In any case, it was resolved only very recently.

Senator Benidickson: On page 114, at the bottom of the page, there is the description "Activity to be Supplemented". There is a reference to "Self-Supporting Airport and Associated Ground Services." The previous estimates for this year were approximately \$130 million. We are now

asked for supplementary estimates of \$19 million plus. Could we obtain a list of the self-supporting airports?

Mr. MacDonald: They are Mirabel, Dorval, Malton, Pickering and Vancouver.

Senator Benidickson: Vancouver used to be a non-federal government operation. It is now a federal government operation.

Mr. MacDonald: It was a federal government operation. The government is attempting to take certain large international airports and associate their costs with the revenues they produce, and to set up a total cost recovery operation. This is not possible with respect to most of the airports in Canada, but at a certain stage it is felt that it is possible with respect to others, and that list I gave you is the complete list at that point.

Senator Benidickson: Does that simply mean current income equals or exceeds current outgoings?

Mr. MacDonald: No. It is expected that they will be able to recover their capital cost as well.

Senator Benidickson: Then, on page 124, vote 75d, an additional \$55 million. This is in this supplementary estimate requirement under "Statutory—Payments to Railway and Transportation Companies". Senator Manning, I think, raised this point. Is this almost entirely for branch lines—branch line continuation?

Mr. MacDonald: This is the uneconomic branch lines, and 80 per cent of the losses incurred in operating uneconomic passenger services.

Senator Benidickson: Have you a breakdown of how much goes to the various railroads?

Mr. MacDonald: We do not have it with us, but we could supply that.

The Chairman: Do you want it supplied, Senator Benidickson?

Senator Benidickson: Yes, please.

The Chairman: Any further questions on transport? What about Treasury Board, Urban Affairs, Veterans Affairs?

Senator Carter: I have a question on Veterans Affairs. There is a considerable write-off. Can you tell me how far back that goes?

Mr. MacDonald: I am afraid I would not be able to give you that information. We could supply that to you. Some of them would go back a few years. You will notice in the explanation that—

Senator Carter: I am trying to find it now.

Mr. MacDonald: It is back on page C-2 of the one-dollar items. These are eight pension recipients, three of whom died with no known estate; two are indigent; one is a case in which successful collection proceedings are considered unlikely; the balance are cases where the existence of an enforceable debt cannot be readily established. In all these cases a judgment has to be made as to whether anything productive is going to happen as a result of suing the debtor.

Senator Carter: It is a relatively small amount.

Mr. MacDonald: Yes, it is \$65,000 for the eight people.

Senator Benidickson: Are you finished with the serial progression?

The Chairman: Yes.

Senator Benidickson: Would you give me permission to revert to Indian Affairs and Northern Development, briefly, simply to express appreciation to Mr. Murray of Treasury Board, who gave me some information preparatory to this meeting, and which I should have put on the record at the time we were on this item? Mr. Murray wrote to me as follows, and I quote:

You also inquired about the contributions the government has made to Indian organizations for the purposes of research into Indian treaties and rights. Over \$9 million has either been contributed or planned for contribution from 1970-71 through 1975-76. In addition, during 1974-1975, and in 1975-1976, over \$1 million will be contributed to northern native associations to enable them to research and carry out projects in support of their claims and interests.

I have no further questions on that, but I do appreciate getting this advance information.

In addition, Mr. Murray, in the same letter, provided me with this information, and I quote:

You asked about the current status of the government's interest in Canadair and De Havilland Aircraft. The government now owns most of the shares of De Havilland and has an option which would permit it to buy Canadair.

We have discussed this, Mr. Chairman, and hopefully we will get some further information prior to the opportunity to make any comments on the report that you submit to the Senate.

The Chairman: Hopefully, yes.

Senator Graham: Mr. Chairman, I have a special interest in the Cape Breton Development Corporation. Undoubtedly you have already discussed that. Unfortunately, I was at another committee meeting.

The Chairman: Perhaps you should tell the committee what your position was with the Cape Breton Development Corporation.

Senator Graham: I was senior vice-president before I came here. I am interested in the item for \$12,100,000 on page 94 of Supplementary Estimates (D). Does that cover the new opening of Prince Mine or is that to cover further losses?

Mr. MacDonald: Basically, the revenues were not as high as expected in the current fiscal year, because there was a shortfall in production.

Senator Graham: It does not involve any capital expenditure?

Mr. MacDonald: Possibly, Mr. Richardson would be a more reliable source of detailed information at this point, sir.

Senator Benidickson: At what page would that appear in the document for \$1 items?

Mr. MacDonald: That would appear under the transfers, I believe, senator, on page A-5. These are funds required to

cover operating losses, including an increase in operating costs and a reduction in coal production in relation to the forecast levels. So it would not be in the capital area.

Senator Graham: Were you able to give any indication of projections in terms of this year and next year in what the corporation hopes its position will be in terms of coal losses?

Mr. Richardson: No. In the light of this the corporation is reviewing its budget for the coming year and we are still awaiting that. We have nothing except what is provided in the 1975-76 Main Estimates.

Senator Graham: So far as you know, there has been nothing provided in the supplementary Estimates in terms of any capital expenditures on the opening of a new mine.

Mr. MacDonald: There are no amounts in the supplementaries for capital expenditures.

Senator Carter: If I may ask just one general question, I see that the personnel of the total Public Service seems to keep on growing. Several years ago the minister, and even the Prime Minister, stated that one of the aims of government was to try to reduce that number.

Mr. MacDonald: If I am not mistaken, senator, he froze the size of the Public Service so as to inhibit its growth at that particular time. The President of the Treasury Board declared that it was his intention to slow the rate of growth. Some success in this regard is evidenced by the fact that the growth for 1975-76 over 1974-75 is 4.1 per cent, whereas the growth in the two previous years had been about 7 per cent a year.

Senator Carter: Do you see a further deceleration coming?

Mr. MacDonald: Perhaps I should point out that most of the growth occurs with respect to post office workers, people who operate the airports, food inspectors, prison guards, tax collectors—the labour-intensive parts.

Senator Carter: Those are the main areas of growth.

Mr. MacDonald: Yes. About 10 departments will account for about 70 per cent of the growth. It is the sheer volume of service.

Senator Carter: You do not foresee any levelling off in these ten departments?

Mr. MacDonald: Well, some are associated with the growth in population; some are associated with the growth in the complexity of society. Unless these factors which inspire growth change, I should not think there would be a levelling off.

Senator Carter: Thank you.

The Chairman: Honourable senators, I have two items I should like to discuss with you after this meeting, if you would stay just for a moment. On your behalf, I should like to thank Messrs. MacDonald, Richardson and the other officials for appearing this morning. Thank you, gentlemen.

Is it agreed to close the record now, honourable senators?

Hon. Senators: Agreed.

The committee continued *in camera*



FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

Issue No. 9



THURSDAY, MARCH 13, 1975

Fifth Proceeding on

**The examination of the Estimates of the Manpower Division
of the Department of Manpower and Immigration for the
fiscal year ending the 31st March, 1975**

(Witnesses: See Minutes of Proceedings)

STANDING COMMITTEE ON NATIONAL
FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Rochichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, March 13, 1975
(5)—(9)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9.30 a.m.

Present: The Honourable Senators Everett (*Chairman*), Carter, Croll, Desruisseaux, Graham, Grosart, Manning, Neiman, Sparrow and Yuzyk.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

Mr. J. P. Lefebvre,
Director General, Manpower Training Branch
Dr. P. B. Fay,
Director General, Strategic Planning and Evaluation Group
Mr. W. J. Hurd,
Director, Manpower Training Branch, Pacific Region
Mr. J. A. Hunter,
Director, Manpower Coordination Branch
Mr. G. C. Botham,
Director, Institutional Training Division
Mr. D. Toupin,
Director General, Manpower Client Services Branch

The brief submitted by the Manpower Division of the Department of Manpower and Immigration entitled, "Manpower Training" was ordered to be printed as Appendix A to these proceedings.

At 12.50 p.m., the Committee adjourned until Wednesday, March 19, at 9.30 a.m.

ATTEST:

Georges A. Coderre
Clerk of the Committee

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, March 13, 1975

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, we resume now our hearing on the Manpower Division of Canada Manpower. Today we are specifically dealing with the training element of the operation. We have with us Mr. Lefebvre, the Director General of the Manpower Training Branch, and, on his right, Dr. Fay, the Director General of the Strategic Planning and Evaluation Group.

You have before you the submission of the department entitled "Manpower Training", our summary of the submission, and background notes in respect of the submission. I have also been given by Mr. Lefebvre some material that we requested, which is a list of the pilot projects that are presently being undertaken by Canada Manpower. If it is agreed, we will table that.

Hon. Senators: Agreed.

The Chairman: Honourable senators, I will ask Mr. Lefebvre if he has an opening statement for you, but before he proceeds with that statement, perhaps he would like to introduce the members of the Manpower Division who are with us today, sitting down at the side.

Mr. J. P. Lefebvre, Director General, Manpower Training Branch, Department of Manpower and Immigration: Mr. Chairman, I must say that my colleagues and myself are delighted to appear before your committee this morning. I hope we can answer the questions on manpower training we are asked by the honourable members of your committee, and it is my pleasure, certainly, to introduce my colleagues.

Mr. Dan Doctor is from the ADM's office, and has been introduced already to the committee. Vital Ducharme is from my office in Manpower Training. Bill Hurd is Director of Programs for the Pacific Region. I thought the senators might be interested in, and have specific questions regarding the regional administration of our programs, so we have invited one of our regional directors of training, so that the senators may, if they want to, be fully briefed on the way the program is operated at the regional level.

Then we have Mr. Damase Toupin, Director General of the Client Services Branch. Grant Botham is the Director of Institutional Training. Roger Charron is the

Director of the Industrial Training Division of our training program. Kay Thomson is from the Manpower Co-ordination Branch. Mr. John Hunter is the Director, Manpower Co-ordination Branch, and Mr. L. E. St. Laurent is Deputy Executive Director, Policy Planning, Unemployment Insurance Commission. Shall I proceed, Mr. Chairman?

The Chairman: Yes, please.

Mr. Lefebvre: Honourable senators, if I may be permitted, I would like to show a few visuals in order to introduce the discussion. My opening comments are designed mainly to summarize the main facts and figures that are contained in the background document that was provided to the members of the committee. I believe the broad policy issues would be better discussed afterwards, during the discussion period.

We from the Manpower Training Branch are very pleased with the interest senators have shown already, in previous hearings, in the manpower training program, and I hope that in my opening comments I will clarify some of the questions already put, mainly by Senator Thompson and Senator Carter.

The interest of the federal government in the field of manpower training can be traced back to 1913, when the agricultural instruction Act was adopted, and at that time the federal government introduced per capita grants to the provinces in order to support their activities in that field. In 1919, the Technical Education Act introduced cost-sharing agreements with the provinces. In 1942 the Vocational Training Co-ordination Act broadened the scope of vocational training supported by the federal government. In 1960 the Technical and Vocational Training Assistance Act broadened still more federal support to vocational training. In fact, however, in the case of adult vocational training, it was in 1967, shortly after the creation of the Department of Manpower and Immigration, that the real expansion took place, and I think it is well shown in this chart here. You can see that the real period of expansion was starting in 1960, but because yet more visible, starting in 1967 with the adoption of the Adult Occupational Training Act.

There are many objectives to training, and we have shown a couple here: one can train for social harmony, I suppose; one can train towards social promotion; one can train towards cultural promotion; one can focus on the development of the individual. But as regards manpower training as introduced by the Adult Occupational Training Act, it is very clearly a labour market oriented training, and it is important to keep this in mind because it does influence every aspect of our program.

I would like to quote just one phrase from the AOT Act, which reads as follows, and in fact, gives the direction for the whole program:

A manpower officer may arrange for the enrolment of an adult in an occupational training course that, in the opinion of the manpower officer, will provide this adult with the necessary skills to increase his earning capacity, or his opportunities for employment.

Now, what is the size today of this program that was started in 1967? We have it shown here on this visual. In 1974-75, the Canada Manpower Training Program was formed of a little over 17 million training days. These training days are split into two main delivery systems: the institutional training component; and the industrial training component. The institutional training component is in fact training that is purchased from institutions under provincial jurisdiction to the extent of about 99 per cent. A small part of it is purchased from private institutions, but 99 per cent of this training is contracted with the provinces. Industrial training is contracted with the employers, and we will come back to various aspects of these two elements of the program later in the discussion.

I should at this time mention some of our internal jargon. What are the various components of the part of the program we call "institutional training"? We have the occupational skill training program, which forms 51 per cent of the whole program of institutional training. Then we have basic training for skill development, which is academic upgrading, forming about 32 per cent. Then there is the apprenticeship training component, forming about 11 per cent, and lastly, language training, mainly offered to immigrants who need to learn one of the two official languages of Canada. This forms about 6 per cent of our program.

Who are the trainees? I know that one senator has asked some questions on that, and we may come back to that, if it is your wish, in the discussion later. I would like at this point to show to members of the committee the chart clearly showing that the most conservative appreciation of who the trainees are would indicate that at least 19 per cent of our trainees, and 20 per cent of our funds, are located in the sector that one might call the disadvantaged group of society.

Who are these disadvantaged people? We prefer to call them, in order to avoid any perjorative meaning, clients with special needs. Who are they? Well, there are those who are enlisted in a BTSD course, in grades from one to seven. Obviously, if you are an adult and you do not have seven years of schooling you are a disadvantaged person, regardless of how fit you are physically or mentally.

We also have those people under our industrial training program who are clearly recognized when they are referred to training as persons with special needs, because they are given larger financial support. This component of our industrial training program is clearly oriented towards the disadvantaged person. So these people are accounted for in the 19 per cent.

We also have all those registered in any of our courses who did not have, prior to their registration, at least eight years of schooling; so there is no doubt that although I said that our training is labour market oriented, and it is oriented towards the demand, we also consider the supply side. In other words, there are human and social preoccupations

and objectives within our program, and we do care for the human being, since human beings are what form the labour market. We are not just looking at the labour market in terms of statistics. We try to identify those who have special needs and help them as much as we can.

In terms of volume, the background document you have been provided shows the expansion of the program. It is indicated here that for 1974-75 there will be spent on that institutional training some \$369 million for the benefit of 263,000 trainees and for the purchase of some 15 million training days.

I think Mr. Jack Manion, in a previous hearing, hinted at the fact that funds for this program, as for any public program, were limited, and I would like to inform this committee of two sides of the coin in that respect. We have here a chart that shows in terms of man-days of CMTP institutional training as a percentage of the total labour force man-days available, by fiscal year, our program has diminished in size, although it has expanded both in terms of volume and in terms of money. It has diminished in size relatively, but we will see later another chart that indicates that even if this is so, Canada is ahead of many other countries in terms of its total spending in the field of manpower training.

One aspect also which I think senators will be interested in is the question of the returns for this program.

The Chairman: Excuse me, Mr. Lefebvre, could you give me a more precise definition of labour force man-days available?

Mr. Lefebvre: Yes. It is the labour force multiplied by the number of working days in a year which gives you the total volume of man-days in the labour force. If the labour force increases, of course, the number of man-days also increases.

The Chairman: Thank you.

Mr. Lefebvre: To come back to the cost benefit as one measure of the returns which the economy gets from the investment put into manpower training by the federal government, we have developed over the years in our department, with the cooperation of the Treasury Board Secretariat, a most sophisticated cost benefit method. This analysis shows that for 1973 the cost benefit return ratio for the basic training for skill development was 6.2. This means that for each dollar invested the economy will get back 6.2 dollars. For the occupational skill training, the ratio is 5.6, with the same meaning I have just explained, and for language training the return is 7.8. We may come back to this aspect later, if senators wish.

One component of this cost benefit is the question of the greater chances of employment the training has produced, or the chances of employability produced by the program. We have here a chart which gives some indication of this. It shows that in 1973-74, out of 95,824 trainees who were unemployed at the time they were registered for training, only 32,441 were still unemployed three months after training. I would not pretend that this means the creation of 63,383 jobs, as indicated, but I would think that this shows that the training has increased the employability and has shown positive results. Of course, we will never know what would have happened to these people had they not been trained. Just like any action you take, you

never know what might have happened if you had taken some other action. The fact remains, however, that these figures are rather positive.

We also have an idea of the effect of training on income distribution. In order not to waste the time of the committee, I will try to translate this chart into absolute figures. This chart shows that if one looks at the poverty line, 47 per cent of our institutional trainees in 1973 were brought over the poverty line because of the training they had received. They were under the poverty line before and they were over the poverty line after. In terms of redistribution of income, therefore, and in terms of the social objectives, this has some importance. Honourable senators might be interested to know that this 47 per cent is split in this way: we have 15,000 who were in "BTSD," 28,000 who were in "skill," and 4,000 who were in "language training."

The Chairman: I noted in your information in the brief, in an earlier chart, that there was a fifteen-month hiatus between the measurement at the start of the training and the measurement afterwards. Was the same hiatus true in respect of the measurements on the poverty line?

Mr. Lefebvre: We have two follow-up surveys. I think my colleague, Dr. Fay, could give you more details on that. We have a variety of follow-up surveys, but this one was calculated, if I am right, three months after the training was finished.

The Chairman: So that would be roughly six months.

Dr. P. B. Fay, Director General, Strategic Planning and Evaluation Group: As a matter of fact, Mr. Chairman, it relates to the actual income at the time the measurement was taken.

The Chairman: At the start of the measurement or at the end of the measurement?

Dr. Fay: At both: at the start it was related to the poverty line existing when the measurement was taken beforehand; afterwards it was taken in relation to the poverty line which existed at that time.

Senator Croll: Are you using the statistical poverty line?

Dr. Fay: Yes.

Senator Croll: That is not the one Mr. Lalonde is using, you know.

The Chairman: I think it is a relative situation as to what happens in terms of any poverty line that you might use.

Senator Croll: No, no. He is going by a precise one. He is using the one issued by Statistics Canada as against any other.

Senator Carter: The Economic Council has one.

Senator Croll: They have dropped theirs and they are now using the one from Statistics Canada.

Dr. Fay: We are using the Statistics Canada one.

Senator Croll: Mr. Lalonde, in his submission to the provinces, used a different one. That is all I was pointing out. Go ahead.

Mr. Lefebvre: Do we take into account the provincial figures or is this just the national one?

Dr. Fay: This is just the national one.

Mr. Chairman, I would now like to say a few words about our industrial training programme.

As we have seen earlier, this programme does not have the importance or weight of a training programme in an institution but, yet, it has improved over the years so that in 1974-75, the Federal Government invested \$37 million in it, an amount that will benefit about 72,000 trainees, for a total of 2,600,000 training days.

The assessment procedure of this programme is not as complete as that of a training programme in an institution, the sole reason being that it is more recent and that we have not, as yet, finished developing assessment methods similar to those we have for training in an institution. However, we are busy developing this, and we were precisely discussing this yesterday. I think that for 1974-75, we will have the same assessing standards for this programme, the same assessing data as those we already have for training in an institution.

However, I should like to show a table to the members of this Committee indicating the effects of the industrial training programme on incomes, which is already an interesting assessing factor.

We note that in 1973, the industrial training programme will have permitted a 35 per cent increase in the trainee's weekly salary, if we compare the incomes before and after training. I think that the Senate members will be interested to note that in the case of women, the increase was 44 per cent. It is, of course, clear that this increase does not quite have the same significance because the starting point was lower. It however, remains that the income increase was greater for female trainees than for male trainees.

We believe that this programme is an important manpower training programme and, Mr. Chairman, in the course of the discussion, I should like to have the opportunity to answer the questions of the members of this Committee.

I know that on Parliament Hill, questions are often raised concerning this programme, and some wonder whether it is not a concealed subsidy for employers.

Later on, if the members of the Committee so wish, I should like to come back to the policies adopted by our Department and under which, to our mind, government money is well spent when it is invested in this programme, in view of the standards and guarantees that the Department and the Minister have set for the allocating of those monies.

For the sake of being brief, I now want to deal with a question that senator Carter asked in a previous session and which is the following: What is the effort made by Canada compared to that of other countries of the OECD, in the manpower training field? I shall answer him firstly that a comparison between countries always requires prudence and "relativism" in the thrust of the comparison because we are never certain that we are comparing things that are really similar.

So, after putting this emphasis on prudence, I do not hesitate to say that according to the studies we have made and the facts that we know, Canada ranks high among OECD countries.

We have here data, a measuring instrument of investments, a percentage of the gross national product. Well, according to it, it is quite clear that Canada comes second to Sweden.

Now, Mr. Chairman, to bring this short introduction to an end, I should like to make further brief comments on what will happen in the future.

I would like to look ahead a little, but in order to have a good look ahead I should like to go back a year and tell members of the committee the main developments that are likely to influence the future developments of this program.

Our Minister, with the support of the government and Treasury Board, started over a year and a half ago to enter into bilateral discussions with all provinces in order to renew and improve the federal-provincial agreements initiated in 1967 when the Adult Occupational Training Act was adopted by Parliament. These early agreements in 1967 had the inconvenience—and maybe there was no other way to start the thing—of containing an open-price clause whereby the federal government was committed to reimburse the provinces for any cost incurred, and these costs, according to the rationale of the agreement, could not be determined in advance. They had to be determined afterwards. This, of course, made the management of the program very difficult because we were faced every year with amounts in the order of \$20 million or \$25 million that were to pay the old debts, and it made the planning of the volume of training and the preparing of the actual training plan in each province very difficult. So our minister has initiated new negotiations with every province, and I am pleased to be able to report to the committee that as of today new agreements have been signed or are about to be signed with every province except one—and I hope that members of the committee will not ask me which one that is. We have some problems with one province.

I am confident that all the other provinces have accepted to enter into a new agreement, a more progressive one, whereby we determine jointly and the two levels of government agree on the objectives of the program, the way we manage it, and the level of funding. These new agreements do contain a number of improvements over the 1967 agreement, and they indicate the way for possible future developments because our minister has announced that it is his intention to report to cabinet on the possible revision of the Adult Occupational Training Act. We think that the agreements developed lately may be a good basis to build on when cabinet makes a decision on what exactly they want to develop in terms of manpower training for the next decade.

Another development which helps us to look at the future was the creation recently of a training improvement budget. The federal government had always invested large amounts of money since 1967 in financing the delivery of training, and the provinces encouraged by this support had developed much broader systems of adult occupational training, but nobody was investing very much in developmental activities and this was a real weakness in the whole system. So our department with the support of Treasury Board has established a special component of our budget whereby we support provincial activities in the field of training and development—it could be instructors' training, it could be curriculum development,

it could be anything that will improve the content of training and the effectiveness of training.

Senator Croll: Not only provincially but for private enterprises, too?

Mr. Lefebvre: Not for this particular budget. Only the provincial governments can use that money. It is earmarked and cannot be used by anybody else, not even by us. It is earmarked and used by the provinces in improving the product, if I may refer to it that way, which we purchase. I do not like very much to use the words "purchase" and "product" when we talk about training, but it helps to understand what the actual relationship is, although our partnership with the provinces has developed over the year and I would say it is much better than a purchaser-seller relationship today.

I should like to finish these few brief comments, and I do not want to take up too much of the time of the committee. Then I will be pleased to answer any questions, immediately afterwards. Perhaps I should mention very briefly a few other factors that may be of interest to members of the committee. We have developed in the department in the past years much improved occupational forecasting methods, and my colleagues could comment on this aspect of things. I think that these new tools in forecasting the occupational demand put my department and the federal government in the forefront of this kind of planning, because not very many people in the country have developed such tools for looking ahead, and these techniques and the data gathered from these occupational forecasting systems are of great assistance in planning our budgets. We have also encouraged in the recent past closer co-operation with private employers. Our deputy minister and senior members of the management committee have attended a number of seminars in various parts of the country with large groups of employers in order to discuss our industrial training program and focussing on the training for the disadvantaged which is one of our main priorities in using the funds made available to our minister by Parliament for this program. So we are trying to get closer to the employer community in order to help them to better understand our program.

Our minister announced some months ago his intention to look at the possible revision of the AOT Act and what this revision would bring about is not for me to say at this time. That is the privilege of the government to decide. Needless to say, we are following our minister's announcement and we are preparing submissions for his consideration and for the consideration of government. One thing is sure, Mr. Chairman, and I should like to end with this remark; any development in the field of manpower training would have to take into account the fact that the recurrent training or recurrent education concept is today the concept that imposes itself on planners in every developed country in the world. It is not only a matter of a preferred term or a preferred concept for the people or the professionals involved in manpower training; it is the facts of life that do impose the motion of recurrent training, and any revision of the act would normally have to be fitted into that kind of development.

Senator Croll: Mr. Lefebvre, before you turn off the slides, do you mind turning back one slide, because there is something that occurred to me that I overlooked asking you about. In 1972 the line for Canada came down and

the line for the United States came down, while the others were equal or up. Is there any significant relationship in that?

Mr. Lefebvre: As I said, I would not push too hard on this kind of comparison because we are not absolutely sure that we are comparing things that are absolutely comparable. In our country there is no doubt—and the other slide does indicate that—it was not possible, because of financial constraints, for the program to follow the rhythm of developments of the labour force.

Senator Croll: That was not quite my question. I was trying to find out what relationship exists between our downward slide and the American, and if there was any reason for that. It did not happen with the other countries.

Mr. Lefebvre: Well, I can hardly imagine any reason why the two trends would have a particular relationship.

Senator Croll: It would not be money with the Americans, would it?

Mr. Lefebvre: No. It may be a coincidence. I noted in many instances some people think whatever happens in the United States happens here, but I don't think this is the case here.

The Chairman: Thank you, Mr. Lefebvre. Before we proceed with questions, I have a few announcements to make. First of all, the Minister of Manpower and Immigration will be with us at 9:30 a.m. next Thursday, and the lead-off questioner at that time will be Senator Grosart.

Secondly, honourable senators will recall that in our committee meeting on supplementary estimates (D) yesterday, we were told that \$9.9 million was transferred and an additional \$19 million appropriated in connection with the training agreements concluded between the provinces and the department. That amount will increase the amounts already agreed upon in respect of training under those agreements.

Thirdly, the Minister of Energy, Mines and Resources will be appearing before the committee next Wednesday at 9:30 a.m. in connection with our examination of supplementary estimates (D).

I am aware that honourable senators have been visiting their Canada Manpower Centres, and I thank you for your interest. I am sure the department does, too. I should mention that as we get into the hearings we will find there are a number of programs, and I am thinking specifically of programs such as LEAP, Outreach, and the special interview training programs. A list of these various programs will be provided for your benefit today. It might be worth considering, when you next visit your centre—which we hope you will do many times during the hearings—having the centre outline the details of one of these specific programs, and also follow a program through. For example, in one of the briefs, I note there is a LEAP program on the recycling of industrial waste in Toronto. I think it would be worthwhile for somebody to go to Toronto to follow that through and see how effective it is and how it works. The visit could be more than just a run-through of what happens at the particular Canada Manpower Centre; it could be more than just a rifle shot—to see what is going on in these specific programs administered by the department.

Those of you who have not visited a manpower centre—there may be none—are welcome to do so. It does not require any previous set-up, other than a phone call to whoever is running the particular centre, or speaking to them when you get there.

Senator Carter is the lead-off questioner, so we will proceed with Senator Carter.

Senator Carter: Thank you, Mr. Chairman. I should like to compliment Mr. Lefebvre on his presentation this morning, and also on the brief that was submitted to us sometime ago. As I listened this morning, and read the brief, I could not help thinking that, in theory and on paper, you have an almost perfect set-up for manpower training. We are living in a very progressive world and our business this morning is to try and find out how you managed to implement this kind of program in the world we have today.

I should like to begin, Mr. Chairman, by following up your point in regard to the supplementary estimates. In your brief you stated that the total manpower training represents 60 per cent of your budget, but in 1973-1974, your total expenditure was \$394,221,000. Your estimate for 1974-75, that is the year just ending, is \$405,817,000. The figure on your chart this morning was different. It was \$369 million. Which figure is the more accurate?

Mr. Lefebvre: The \$369 million figure, Senator Carter, was the figure for institutional training only, and that is where the difference lies. Now, of course, we can give you any figure you want, but I should like to draw the attention of the members of the committee to one fact, which I know is very familiar to you, that is, you can have two or three or four sets of figures, depending upon whether you are talking about the planned budget or the actual expenditures. At various times in the year this budget is reviewed—in fact, it is reviewed every quarter—and we sometimes go to supplementary estimates for additional funds and so forth. For every year, I would say, the only solid figure is the budget as shown in the main estimates. That is the most solid figure, but the difference that you have just mentioned, sir, lies with the information I have given you. It is, in one piece, the institutional training, and if you add industrial training to this, you will come to the figure I have mentioned.

Senator Carter: That \$19 million or \$29 million that the chairman referred to in the supplementary estimates, would that be taken care of in your estimated total of \$405 million?

Mr. Lefebvre: Yes.

Senator Carter: Or would that be additional money?

Mr. Lefebvre: Oh, I am glad you asked the question, senator, because, in fact, in the supplementary estimates—and I have the details here with me—there are three things concerning training. There was a transfer of \$17 million from vote 5 to vote 10 because of the fact that the training allowances were diminished. We could transfer funds from the allowances reserve to the purchase of training budget.

Also, there were some \$5 million—and I could quote the exact figures in a minute—additional funds to be spent in both provinces that have entered into new agreements. Finally, there are \$2,800,000 to pay for final settlement claims.

You asked if the main estimates were for other purposes, either for LEAP or the other programs, and if the members of the committee want to we can go into that in detail. These three figures are the only ones in the main estimates that concern manpower training. Our total budget, as it now stands for 1974-75, is \$405 million.

Senator Carter: That is the total of what you budgeted for, and that would include the \$29 million referred to in the supplementary estimates?

Mr. Lefebvre: Let me say this to you; it does not include the \$29 million, because the \$29 million is the result of a very...

Senator Carter: No, the \$19 million extra. It will include the \$19 extra million?

Mr. Lefebvre: To make sure I tell you the truth, which you realize I want to tell you—I don't want to tell you a lie—I would say it includes any amount in the supplementary estimates that concerns training. When we come to supplementary estimates there are all kinds of transfers, and of course, everything is open. There is nothing hidden, but it is a very complex mathematical operation. This is why I don't want to say it includes the \$29 million, but it does include all the amounts concerning training.

Senator Carter: Obviously it would not include the \$29 million you already have?

Mr. Lefebvre: No.

Senator Carter: You gave us a brief outline of the history of the manpower training. In 1913, there was the Agricultural Instructions Act and then in 1919 there was the first federal-provincial cost-sharing agreement. In 1942 you had the Vocational Training Co-ordination Act. In 1960 you had the Technical and Vocational Training Assistance Act, and then in 1967 you took a big leap forward with the Adult Occupational Training Act, and there have been some amendments to that act, one being in 1972. You spoke of further revisions of the act. Can you tell us the main faults with the act as it stands now? What revisions do you have in mind?

Mr. Lefebvre: I can tell you what some people say because, as you realize, this is a matter of opinion. There are no departmental views, very officially, on what the defects are. The provinces do criticize the fact that under the act as it exists the relationship between the two levels of government is what they term—and I have used the terms myself, although I have tried to take any pejorative meaning out of it—"buyer-seller relationship", and they do not like that. I think a revision of the act could permit a better identification of the provincial role and the federal role. There may be a problem in that respect, of distinguishing very clearly what the federal government should do, and what the provinces should do. That is one aspect.

There are in the present act a number of limitations. For instance, we cannot finance any training over 51 weeks' duration, with the exception, of course, that it can be 52 weeks of basic training, followed by 52 weeks of vocational or skilled training. Normally we do not finance more than 52 weeks of continuous training, with the exceptions that I have mentioned. Some people think

this should be revised, and that longer periods of training should be considered. This is one of the things under review.

The present act also prevents our minister from supporting any training at the university level. Some people ask what was the rationale in retraining somebody to become a plumber if he can do it in 52 weeks, while not supporting somebody who in the 52 weeks could become an engineer or a lawyer or a doctor.

Senator Croll: Could you do that in 52 weeks?

Senator Graham: You might be able to train a lawyer in that period of time!

Mr. Lefebvre: It depends where he starts. I would not want to pass judgment on any profession. As you know, a lot of people do abandon their studies, and a lot of people in the labour force could, in 52 weeks' time, reach a rather high target, because they are quite close to it already. They just need a little push. Now, maybe in 52 weeks you could recycle a forestry engineer into some other qualified engineer, and things of that sort. At the moment, the Adult Occupational Training Act does not permit anything of that nature, and this is one aspect of the review that needs careful attention.

Of course, with regard to the relative use of institutional versus industrial training, we have eight years of experience behind us now to enable us to judge the advantages and disadvantages of both methods. We now have a broad experience on which we could build, and possibly improve some aspects of both delivery systems, namely, institutional and industrial.

There are a number of issues. No decision has been made. This is why it is a bit difficult for me to tell you—indeed, I cannot tell you—what the future act could be like, because only the government can make a decision on that. Our minister has decided that there is reason enough to have a hard look at the present legislation, although it has been a very successful act; but nothing is perfect, and, Senator Carter, I would like to assure you that we do not in any way pretend that our manpower training program is perfect. Frankly, we see a lot of problems in it, and it is good that we do so, because we would not earn our pay if there were no problems to solve. I suppose our presence would not be of any use to the government. We see a lot of difficulties, but we see a lot of good, too.

Senator Carter: I do not doubt that the act has been improved every time you have taken a big leap forward such as this, but I wonder if there is still some difficulty arising out of the nature of the act that you cannot cope with because the act will not permit you to do it. That is what I am trying to get at.

Mr. Lefebvre: I mentioned a few of them.

Senator Carter: Yes.

Mr. Lefebvre: Also, some people quarrel with us—and this is another aspect at which we are looking now—and say, "You have a genius that did not go to school when he or she was young, and now he or she is 30 years of age, with only three or five years of schooling, and, being a genius, could become a great leader in society, yet here you at Manpower are offering only 52 weeks of training."

There again we are having a look at the following question: Should the federal government support a citizen for a long period of training? And, if it does, under what conditions? We do not think it would be good for society to encourage this over too long periods in a generalized fashion, because it could become a disguised social assistance system. We do not think this would be good. There are, however, two sides to the coin.

Senator Carter: Your main job, then, is to develop our manpower resources—our human resources, which are the most precious of all—and you are approaching this program from two directions, one, the institutional training, which includes academic upgrading, and the other, industrial training, including apprenticeship. When you try to implement institutional training you come up immediately against provincial jurisdiction, and that is the reason for your federal-provincial agreements. Would it be possible to get copies of some of these agreements?

Mr. Lefebvre: Definitely, sir. I think they are public documents once they are signed. I do not think our minister would object.

Senator Carter: You may have to get permission of the provinces in some cases.

Mr. Lefebvre: We will check on this. I do not think there is any problem about providing you with copies of these agreements.

Senator Carter: Could you outline some of the main features of the agreements?

The Chairman: Are you talking about the new agreements?

Senator Carter: The federal-provincial agreements. Perhaps I should ask, first, do they vary much from one province to another?

Mr. Lefebvre: Yes, senator. I have to go back a little in order to explain the difference. Maybe that would clarify the whole thing. In 1967, when the legislation was passed, it was, I suppose, necessary for the federal government to adopt a rapid solution to the question of how to start the new system; so an agreement was designed, and the provinces were faced with a take-it-or-leave-it proposition. This created some resentment, but again I do not think anybody could criticize—at least, I would not want to criticize—the federal government for acting the way it did in 1967, because as you known it was starting under a new piece of legislation and the need was to go quickly. They had no choice.

In the recent past we had a choice, and this is why we took a different line. We said to the provinces, or our minister said to them, "I want to improve these agreements and I want to adapt them as much as possible to every provincial situation. I want to adapt them to the kind of training institutions you have, to the kind of labour market you have, to your preferred governmental methods of operating, your particular departments of education and labour and so forth."

In some provinces we deal with three or four departments; in other provinces we deal with one department, because the provincial institutions have been more harmonized, streamlined and concentrated under one leadership as regards manpower training. So our minister said

to the provinces, "Here is a draft agreement; I would like to start from there as a base, but any change that I could make to accommodate the provincial circumstances I would be pleased to make."

If you read these agreements as they stand now, you will see that they have similarities, but no two agreements are strictly alike because we did what the minister had offered: we adapted. For instance, there is in every province now—and I am sure senators are familiar with this—a manpower needs committee. It is a federal-provincial manpower needs committee. These committees have different terms of reference. They operate broadly in the same way, but they have different methods of operating; they have different methods of being constituted; they have different structures in their subcommittees and so forth. All of these differences are reflected in the federal-provincial agreements. The only thing that our minister insisted on having was the same fair deal with every province; he would not give one province special advantages that he would not offer to the others.

The Chairman: Mr. Lefebvre, you have made the point that they are different. What Senator Carter would like to have is a rough idea of what is in them.

Mr. Lefebvre: What is in them is, first, the objectives which we commonly pursue; the way in which these objectives would be pursued; and the financial agreements. Basically, we have turned from an open-price situation in 1967 to a notion of a global amount of money made available for purchase of training in the province. The province is committed to establishing a cost accounting system in order to cost the training that the federal government subsidizes. The province is obligated to give to our minister, after the close of the fiscal year, a complete financial report on what was done with the money we paid to the provincial authorities. The main difference is that the amount of money is fixed and the level of the program has to be adapted.

Senator Carter: The amount of money for each province is fixed?

Mr. Lefebvre: Yes, in a given province. We discuss the allocation with the province, and our minister then says, "Within the budget which parliament gives me, I will make available for the purchase of training in the province of X, let us say Ontario or Quebec, the amount of X dollars." The province tries to give us as many training days as they can for that amount of money. If we face a situation where the costs are increasing and after the first or second quarter we discover that the per diem price has increased, then we will sit down with the province within the manpower needs committee and we will discuss a possible adjustment of the training plan in order not to exceed the budget.

Senator Carter: When you say "adjustment" you mean cutting back on the courses?

Mr. Lefebvre: Yes, possibly, except that we would do that with some planning. We would not cut a class in the middle of a course.

Senator Carter: Do the provinces make any contribution to this training?

Mr. Lefebvre: In terms of financing?

Senator Carter: Yes.

Mr. Lefebvre: No, this is financed entirely by the federal government. It is 100 per cent federal as opposed to what it was under the TVTA program which was a shared cost.

Senator Carter: That is how you control the cost now as compared with the open-ended agreement you had in 1967 under which you had no control because as the costs went up the government was obligated for a certain share.

Mr. Lefebvre: That is right, sir. The federal government had to pay any audited claims. Of course, there was an audit.

Senator Carter: Do the financial agreements differ? Are the financial clauses the same for each province or do they vary too?

Mr. Lefebvre: There is one exception, sir. I suppose there is no objection to mentioning the name of the province. We have a different agreement with the Province of Ontario, but when the Province of Ontario made it known that they wanted a different approach, of course, our minister announced to every province that the government was prepared to accept either option A or option B. Option A was our own federal proposition and option B would be the kind of proposition which came out of our discussions with Ontario. In Ontario we operated on the basis of a negotiated fixed cost.

So the agreement we have with Ontario is like this: the province, for a given amount of money which is agreed on by contract, tells us in advance that for that amount of money they will give us X number of training days, split a certain way. We have a variety of per diem prices. I think there are five categories. We have, for instance, basic skill training, which is a specific category; we have ordinary apprenticeship skill training, which is another category; BTSD is another category and language training is another category. They say that, "according to the training program jointly developed by Canada and the province we have come to the total of 4,200,000 training days split in such and such a way; it is such a price; so we will provide your trainees with this training for that amount of money." It is signed and that is it. It is a firm price.

The Chairman: Does it specify the exact seats in the training institutions? In other words, is it broken down with respect to the skill training to specific skills?

Mr. Lefebvre: No, sir. This can be adapted to the needs. It only specifies the volume and what we call the mix within the volume, the mix in the various categories.

The Chairman: The mix is comprised of the categories you have already given us here?

Mr. Lefebvre: They are specific to Ontario. They would resemble the categories I have just mentioned, but, in fact, they are adapted to the training plan. This does not prevent us from making changes. It does not specify the location. It does not specify the actual occupations. Not at all. We need that flexibility to adapt to changing conditions. The only thing it does specify is the volume and the mix for pricing purposes.

Senator Croll: Is there an up and down to it? Suppose you want more training or less training, what do you do?

Mr. Lefebvre: That is a good question, sir. The agreement in the way it is spelled out says that if the training days supplied, for one reason or another, should be under the number agreed upon, then Canada will not pay for the training which is not supplied. If there is a change in the mix which produces a higher cost, Canada will have to agree to the additional amount before it is committed. If there is a reduction in the price, the province is obligated to credit Canada for it. There are all sorts of small nitty-gritty points in the agreement, but the essentials I have already explained.

The Chairman: I think Senator Croll's question was based on the idea that, if the department does not use a number of training days, there must be a credit, and, if it uses more than the training days, they must pay for them. Are they allowed to use more than the training days specified?

Mr. Lefebvre: No, they would not be allowed to charge Canada for more than the agreed number of training days, unless there is a further agreement.

Senator Croll: If they did not use the number, though, what would that involve?

Mr. Lefebvre: The training plan is jointly developed. This number is not picked out of the sky.

The Chairman: If you can confine yourself to Senator Croll's question, it is almost a matter of yes or no. If they do not use the number of training days agreed to, do you get a credit?

Mr. Lefebvre: Yes, we do not pay for training we do not get.

Senator Grosart: Mr. Chairman, as a supplementary, does Ontario feel that the percentage of training, industrially, should be higher than the 11 per cent overall?

Mr. Lefebvre: Let me put it this way: I think when one talks about a province it is a little bit like when you talk about Canada. It is a complex notion. In the federal government I suppose you find all sort of opinions, and I am not talking of firm positions taken.

Senator Grosart: Perhaps I can make my question clearer. You spoke of plans A and B, which is your starting point.

Mr. Lefebvre: Yes.

Senator Grosart: Let us assume that plan B is the provincial plan. Obviously, in the proposal they would put before you as plan B it would break down into a suggestion that there should be such and such a percentage of training institutionally, and such and such a percentage industrially. I am asking if there is any significant difference between the B plans as between the different provinces.

Mr. Lefebvre: Actually, the provinces at large have a tendency to be more interested in institutional training, because they have what I could call a vested interest. They must have their education system and over the years they have developed a number of institutions, and these institutions today require some support and some clientele and some financial support. So I would say the provinces generally—and it is a generalization because you find provincial officials who think differently—tend to be more interested in institutional training.

Senator Grosart: Is this not a very dangerous aspect, because in effect you are subsidizing existing institutions rather than looking at it in terms of the best way to meet the needs?

Mr. Lefebvre: There is this risk and I must say that we resist it as a department, and the planning system that we have developed does counteract this tendency. Nothing is perfect, and I am not saying that it does entirely protect us against that. There is the joint review that we make within the manpower needs committee. Then once these committees produce the recommendations for the level and kind of training that should be subsidized, we have our occupational analysis forecast that permits us to judge if these recommendations are sound or not. If they are not sound, we do not support them, but if they are sound, as in most cases they are, then in most cases we can support them.

Senator Sparrow: What we are talking about at the moment is the agreement with Ontario in the purchasing of so many training days, and you suggested to Senator Croll that for those days that were not used there would be a credit to your department, or if additional days were used there would be a debit. Is that different from the agreement with other provinces, and is it essentially different from the agreement that you had previously?

Mr. Lefebvre: Yes, the three things are different. The 1967 agreement was to this effect—that our minister was committed to purchase in any year at least 90 per cent of the number of days purchased in the year before,—that was the 90 per cent rule we called it—but the price was open. The federal government was obliged to pay any audited claim by the province. That was the 1967 agreement. Ontario today in 1974-75 and probably and probably in 1975-76—because we are presently discussing the renewal of this agreement—has a fixed price, Ontario says to Canada “for so many dollars I will give you so many training days.” The third point is that insofar as the other provinces are concerned with the new scheme this is the way it goes; our minister says, “I will make available to you in this fiscal year an amount of X dollars,” and the province says, “For that amount of dollars I will give you as many training days as I can, but I will recoup from the amount of money you give me any cost incurred by me in supplying this training, so if I find during the course of the year that I cannot give you a million training days that I was looking at the possibility of giving you, I will have to reduce these training days.” These three systems are different. It seems to me that the best one is option A because it does make the province accountable for their administration but it does give them a perfect guarantee that they will not lose a cent on organizing the training which they supply.

Senator Sparrow: Would you have a figure in the last year under the original agreements of training days purchased and unused as a percentage of the total days purchased throughout Canada? It seems to me that in training institutions you would have purchased so many man days in a year for welding, for example, and if those positions were not filled—do you have a figure on that?

Mr. Lefebvre: We will try to get it for you.

Senator Carter: Coming back to our imperfect world, the manpower training division is faced with a large number of job vacancies and a large number of unemployed who need retraining or upgrading, and a considerable number of employed who also need retraining or upgrading, and a considerable number of people—19 per cent—with special needs because they constitute the hard core of the welfare group. In addition to that, you need to look ahead and build up a pool of skills for future needs. Now, looking at that situation, you have gone to the particular province and said, “We have agreed now to give you X dollars, which is all you are going to have, and in return you have agreed to supply us with Y days of training.” How do you go about allocating these Y days of training among these different groups?

Mr. Lefebvre: That is a very good question, senator. This is where the manpower needs committee really enters into the picture, and to explain what I mean let me take two situations. You have, for example, Newfoundland with a high degree of unemployment and then you have Alberta with a very low degree. In these two provinces the manpower needs committees will sit together and look at the labour market. In a province with a tight labour market situation what they will see is job vacancies and labour shortages and a small group of hard core unemployed that cannot be employed, not because there are no jobs available, but because they are not fit for the jobs that are available. So they will design a training plan fitted to that particular set of circumstances. In Newfoundland the same mechanism will be in play, but of course the situation is quite different because there you have a large number of unemployed and you have a smaller number of job vacancies. Of course there are always job vacancies but there is a smaller number. So their rationale will be a bit different in that situation. But in the two cases they will come to us and they will say, “We have reviewed the situation and we recommend X level of training split in this way and if we get the funds we intend to do the training in this way.” Then there will be so much allocated to skilled training and so forth. Another factor which I did not mention earlier is that in provinces the general level of schooling of the adult population varies a lot, and one finds, not surprisingly I suppose, that the level of schooling and the unemployment rate have some relationship. I would not say that they are exactly the same, but they have some similarities. So, according to each situation they will come to us and say, “Here is the level of training which we recommend.” Our own analysis from our resource people will help us to check. We know, of course, that in some cases the program will have a tendency to train the unemployed because there is a lot of them, but we would not accept to go too far in this because if we go too far what do we train the unemployed for? The act forces us to train for the labour market, and your question, senator, permits me to say that looking at the future—and here I cannot commit anybody because it is not for me to decide—but I think there may be a reason to distinguish clearly between training for the immediate needs of the labour market and building the human resources for future development in the economy. For instance, there may be a claim for a program that will encourage basic literacy training for any adult that has not had this training when he or she was young, as a basic requirement for any labour market and regardless of immediate develop-

ments in the labour market as distinct from training for the labour market itself. And I would say that the act at this point perhaps could be more refined that it presently is. I read the essential paragraph of the act in my opening remarks, and as you noted, I am sure, it is a straight-jacket to a certain extent and we have to operate under that rationale. But there may be a need, senator, and this is included, I think, in your question—there may be a need to distinguish the immediate requirements of the labour market as opposed to the middle or long-term requirements.

Senator Carter: I understand your general answer, and I understand that the situation would vary from one province to another depending on what the actual labour picture was in that province. But you said you cannot go too far in a certain direction. How do you know where to draw the line? What are the criteria? You have already told us that on a nationwide basis 19 per cent of these people are the special needs people. Is that 19 per cent a fairly average figure across the spectrum?

Mr. Lefebvre: No, senator. I think I should make it clear that the percentage I have given is an *a posteriori* analysis of what has happened. It is not on the quota system.

Senator Carter: No. Generally speaking, that is what has happened; that is how you divide it up?

Mr. Lefebvre: We have not given any quota. Let me give you an example, senator. Until last June in our industrial training program we had two elements; one of which is training in industry, the former TII program with which I think you are familiar. The minister started the on-the-job training program in 1971. This program had three elements; training on-the-job for the disadvantaged; training on-the-job for skill shortages; and training on-the-job for job creation. That job creation program is now over; it is not going to continue. It was only a temporary measure.

Our experience shows that it is not good within a national budget for manpower training to establish any system of quota that would establish constraint in the utilization of funds. We would not have a quota for the disadvantaged or the unemployed.

Senator Carter: I think you misunderstood my question. You have X number of dollars for which you are going to get X number of training days. Then your manpower needs committee is faced with all these groups. How does it decide the manner in which it is going to distribute the funds? Does it have any priorities amongst these groups?

Mr. Lefebvre: Yes.

Senator Carter: I can understand that the percentages or sizes of these groups would vary because the situations vary in the different provinces, but surely there must be some guidelines, otherwise they could decide to spend it equally among each group. If there are job vacancies that need to be filled, perhaps they could attack that. Do you have any guidelines such as that?

Mr. Lefebvre: Mr. Chairman, the top priority in the exercise that the senator is now describing would be job vacancies. The first thing the committee looks at would be job vacancies, either actual or what is likely to happen in six months or a year. It has to accommodate it within this

budget in line with the training of immigrants in the provinces where this is required. It has to accommodate skill training, BTSD training. We like to think that training for Indians, inmates of penitentiaries, manpower that is labour market oriented, is financed under this budget, because that is the best way to make sure that there is some coordination.

Senator Carter: You have told us that to cope with this situation you have certain machinery, such as the Joint Federal-Provincial Manpower Needs Committee, specialized departmental personnel, counsellors, et cetera, and the federal-provincial agreements.

Once you come to implement or use up the training days that you have acquired from the provinces, you immediately come up against ten different educational systems, one for each province, with ten different standards. How do you fit your program into the provincial educational system in view of the wide differences between the provinces?

Mr. Lefebvre: Under the Constitution, Mr. Chairman, the provinces are responsible for the content of training because of their general responsibility for education.

Senator Carter: So a course in welding, carpentry, or whatever it is, would vary from one province to another?

Mr. Lefebvre: Yes, it would, but because we are familiar with the labour market requirements. We have all these committees and joint ventures to work with. We have had occasion to have an input. For instance, if we feel that a course is not really effective, not well designed, we can speak to the provinces about it. We are, in general, on very good terms. I am not saying it is paradise. We sometimes disagree. Generally speaking, our relationship with the provincial authorities is very good at the local level, the regional offices, and headquarters in Ottawa. We discuss these problems. There is no way we can impose on all the provinces, and I don't think the federal government could think of a system where it would impose a course content that is going to be similar in all provinces. We do encourage comparison. For instance, we have, in certain fields, committees that look into the content of training, so we can exchange views on this. We can encourage a certain streamlining, and this is done with due respect to the provincial authorities.

Senator Carter: How do you distribute the man-weeks or man-hours of training? Do you approach the provinces, or does the manpower needs committee decide it wants 1,000 courses in welding or 200 courses in hairdressing, and the province decides it can only provide 500 courses in welding, or whatever it is. How do you reconcile that situation?

Mr. Lefebvre: That is a very good question, senator. I think I will ask my colleague, Mr. Hurd, to give you a practical example of how this is done. He actually works at this in one of our regions, the Pacific Region. I think Mr. Hurd can give you an answer.

Mr. W. J. Hurd, Director, Manpower Training Branch, Pacific Region: Honourable senators, to a great extent the purchases we make this year are based on eight or more years' experience. The provinces have developed the courses over many years, based on the advice of advisory committees. Incidentally, this relates to one of your earlier questions concerning how we influence the

content. Manpower is represented in British Columbia, and I think in most provinces, on all of the trade advisory committees, and many of the industrial committees.

In any case, getting back to the particular question, if we have found, by the use of the program, over several years, that there is a declining demand in terms of follow-up produced by Mr. Fay and other economists and researchers, we warn the province that next year we will want probably less of this kind of training, and they may phase out some kinds of that training; for example, hairdressing. I am currently discussing with British Columbia the surplus of hairdressers. The people who have licences cannot get jobs, and yet the employers are very willing to take more trainees. This is one instance where we can negotiate changes in the purchases.

The Chairman: The immediate situation, though is what Senator Carter was getting at. If you are offered a thousand hairdressing training spots, do you have to take them?

Mr. Hurd: No, we do not. Mr. Lefebvre has mentioned the in-put of the occupational forecast material which now reaches out to 1980. In addition to that we survey all of the manpower centres—40 of them—and the area managers meet with their managers ahead of the time of purchase and complete forms which develop the information we have regarding the probable demands for training in the next fiscal year and in the fiscal year following that. Someone asked whether we have to use the places we purchase or not. The utilization factor in previous years is also a factor. The drop-out rates, where the courses are pursued and completed by trainees, are also a factor. We get course completion reports from instructors in schools. Then the researchers follow up at three month and one year intervals, and incidentally tell not only manpower but the province, through the training needs committees, whether the demand is on the increase or declining. So mostly the changes are gradual. In the case of language training the expected immigration is estimated by the immigration department and by our headquarters, and we try to anticipate a year or two in advance how much language training would be needed.

The Chairman: I do not think that is answering your question, is it, Senator Carter? Perhaps you should ask the question again.

Senator Carter: You have so many training days to allocate, and your manpower needs committees draw up a list of allocations of these needs—say, so many for welding, so many for carpentry, so many for plumbing, so many for electricians, and so forth. Then you go to the province and say, "This is what we want." The province will say, "Well, we are sorry, we cannot give them to you. Our welding class is already filled, so we cannot give you a class in welding, and we are only going to give you half of what you want with regard to plumbing."

The Chairman: Let us stop right there. Mr. Hurd, does that happen?

Mr. Hurd: Not precisely. The manpower needs committee cannot spend the amount of time necessary to decide that we need 100 places in welding, rather than 80 or 120. They do not often discuss individual courses or quantities.

The Chairman: At what stage do you discuss individual courses and quantities?

Mr. Hurd: When we begin the actual negotiations with the province to purchase places.

The Chairman: Well, let us get to that point. We have now started the negotiations with the province. Senator Carter's question is precisely on that point. What is the answer to it?

Mr. Hurd: We know the province provided us with 100 or 200 places in welding last year, and we found from the Canada Manpower Centres and the forecast of needs that there are likely to be 150 places this year. We try to anticipate this as early as possible and say to the province, "You ought to open several more welding courses. The demand is on the increase; there are certain construction jobs going on in the north, and the shipyards are more active."

The Chairman: Senator Carter has said that the provinces' reply, if I understand you correctly, is that they cannot open those courses now. So what is the answer to that?

Mr. Hurd: We cannot buy them. On the other hand, the provinces have also a vested interest in the success of industry and its growth.

The Chairman: I think you have answered his question. That is all we wanted.

Senator Sparrow: Under your agreements, can you transfer trainees from province to province? For example, if you had people requiring welding training in Saskatchewan, could you, under the agreements, move them into Manitoba if there were training days available there?

Mr. Hurd: I believe there has been a considerable amount of that in the prairies, though less so between British Columbia and other provinces for geographic reasons. We do send trainees to Alberta, and we have sent some to Saskatchewan and Manitoba. We have, very occasionally, sent them as far as Ontario for training for the blind in Toronto, and there are other isolated instances.

Senator Sparrow: So there is no restriction.

Mr. Hurd: No restrictions. The basic concept is that we are training Canadians for jobs in Canada, so we do not necessarily restrict the training provided in British Columbia to jobs in British Columbia. Sometimes it is a question of training for the north, and the north is where they go.

Senator Croll: You recognize that British Columbia is a part of Canada, do you?

Mr. Hurd: Yes, sir, we do.

Senator Carter: What I was trying to get at is: Does the province take advantage of this to keep alive vocational courses which otherwise they would allow to be phased out? Do we accommodate and buy courses for which there is no great need? This is what I am trying to get at. How do you avoid this sort of thing?

Mr. Hurd: There is comparatively little of that now. It was true seven and eight years ago, because we had to

go in and buy from what they had to offer, but over this period of time, by meeting with them constantly—at least twice a month, in our case—we help them to modify the training offered, and it comes closer and closer to labour market demand, or, of course, to the demands brought on by the special needs of disadvantaged clients.

Senator Neiman: Just on that comment that you made, that you had to buy more, or had to buy whatever they had to offer, I am curious as to why you feel you have to do it. In addition to that, if you have X number of dollars with which to negotiate with a certain province for services, and they simply say to you, "Well, look, we cannot provide the services that you are thinking of, or only a certain percentage of them," do you then say to them, "All right, then, we are cutting down on the allocation of the money to you," or do you go ahead and buy something that you really feel is not necessary, just to give them the money already allocated in advance?

Mr. Hurd: Not at all. You see, the first requirement, as far as my little group is concerned, is to buy training that Canada Manpower Centres can use to improve the chances of their clients getting jobs, or getting better jobs, and this is our prime concern in buying courses, and we do not buy courses that we cannot use profitably. As I say, we are tightening up on this, as we gain experience and, incidentally, the provinces are not trying to sell us a bill of goods, or trying to sell us useless training. I do not think I should try to create that impression. There is no competition here. They have the same intentions as we have. They do have advisory committees and they contribute to our opinions of what we ought to buy. It is not all one-sided.

Senator Carter: I have taken more time than I intended, Mr. Chairman. I will pass now and take this up again later on.

Senator Croll: I shall be five minutes if I get short answers, ten minutes if I do not. Before we leave this last subject, eight years after we began our operations with trained personnel—good personnel, too, and very devoted—there comes through the same criticism that I have heard time and again for years—although perhaps a little less repetitious than it used to be—to the effect that we are training people for the wrong jobs in the wrong places. I can understand that being the case when we got the legislation five or six years ago. With the facilities that are available to you now, however—labour councils, advisory boards, well-intentioned people—why is this so? What is lacking? Is it money that is lacking? Is it a broader outlook that is lacking? Is it some facilities that are lacking? Why? Nothing you can do will hurt a man more than to train him for a job that is not there or is not likely to be there, and in which he has put great hope. What is failing? Please understand me. I am not making a complaint. I am simply pointing out a problem and I am merely asking for some answers. The situation is not as bad as it used to be, but what is there that we need to do to overcome the problem.

Mr. Lefebvre: Honourable senators, no one from our department would pretend that the training system we have, or that any training system we could imagine, would easily have in it the flexibility you are aiming at. I fully understand the purport of your question. You are

absolutely right in looking for a possible system that would be perfectly made-to-measure for the jobs and the people who are being trained. We do not pretend that we have attained that 100 per cent. But we do think the results we have shown indicate that a large percentage of the time we are training for the right jobs, because otherwise the returns would not show so positively. I think we are achieving the goal to a reasonable extent, although not perfectly.

In answering these very important questions, I would simply volunteer the comment that it seems to me—and perhaps I am stretching my neck out a little bit in saying this—that the industrial training approach has more flexibility in it than the institutional approach. On the other hand, one cannot dream of doing without the training institutions; one cannot dream of a system which would be flexible overnight, in which today you could have X number of welder-training places and tomorrow X number of barber-training places automatically and instantly. That would be most difficult.

Senator Carter: I am sorry to interrupt, but I thought you said earlier today that you were receiving a large amount of money for provincial upgrading and improvement, that is the industrial training that you are referring to. At that stage of the proceedings I was tempted to ask, but did not quite get my question in: What are you doing about the private aspect? You said you were doing nothing. You said there was no money being made available to them. Now you seem to be saying that there is more flexibility and possibility there than there would be in the technical part. How do you reconcile that?

Mr. Lefebvre: I see your point, senator, and you may well be right. Perhaps we would need some specific encouragement for research or development activities in the field of industrial training. Perhaps I should have pointed out at the beginning that the training improvement budget we have made available to the provinces can be used for research and curriculum development under provincial jurisdiction but oriented towards industrial training as well as towards institutional training. We are financing the whole exercise, but with respect to every aspect of the contents, even the industrial training, the provinces have most to say.

Senator Croll: But you buy from two places in the province. You buy from their institutions, and you buy from private institutions.

Mr. Lefebvre: Do you mean private institutions—not employers; a private purchase?

Senator Croll: Yes, a private purchase that you make, having nothing to do with the provinces at all.

Mr. Lefebvre: That aspect of it is really very small. That is why I did not insist too much upon it in my remarks.

Senator Croll: In other words, the courses you purchase under the act would be 90 per cent from the provinces?

Mr. Lefebvre: Oh, more. We could give you the exact figures, but at least 95 per cent would be from the provinces.

Senator Croll: I will not press that point. Let us get back again to what can be done to get the jobs for these people in the right places.

Dr. Fay: If I might say a word about that, one of the problems is that we are always thinking in terms of the future. We have to make these decisions on purchasing training and training courses probably for things that are going to happen up to a year or two years ahead. This has been the real problem. The first answer to your question is, yes, we are doing something about it. This recent introduction of these occupational forecasts will help things a great deal. In the past they have asked employers' associations for estimates of demands, but it is difficult to get from employers what their demands are going to be. If we can go to them and say, "These are the forecasts we are making by our models, can you respond to these forecasts?" It is really a lot easier to do than doing this completely out of the air. The answer is that this is going to improve things quite considerably. It is the forecast element that is difficult.

The Chairman: What is the lead time on the actual breakdown of the training slots—that is, to actual occupations? How far ahead are you when you make that decision?

Mr. Lefebvre: It may vary from one province to another. Perhaps Mr. Hurd could comment on that.

Mr. Hurd: We start with a forecast two years ahead and then we get down and we keep getting it tighter to about November-December of the year prior to the fiscal year in which the training will take place. We need about a minimum of six weeks to two months definite advance notice for the starting course. So we are really changing the plan right up to two months before the beginning of the fiscal year. At that point we commit ourselves to about 70 per cent of our budget, and perhaps that is something I should have mentioned. Since we are paying 100 per cent of the cost, the province is not disposed to say, "We have not got it and we won't give it to you." Thirty per cent of our courses are set up during the fiscal year in relation to immediate demands.

Senator Croll: Tell me why we did not have the asbestos workers who were necessary in the Maritimes, and why we had to go to Scotland to bring in workers? We had trained no people for that line of work. Did we not anticipate the possibility of requiring workers for that work ahead of time, say a year or six months before?

Mr. Lefebvre: I am not aware of the specific case, but we were surprised ourselves in a few cases to notice that employers were putting on tremendous pressure to get offshore workers rather than training or recruiting Canadian workers. There are cases in which I would say the system has not worked properly, but there are also cases where the conditions of employment are such that Canadians do not want to go and work in the particular place. That is one of the reasons for the pressure from employers and for them tending to resort to immigration. In the case of the asbestos workers, by colleague would be aware of the specific case. That was in New Brunswick, I believe.

Senator Carter: No, that was in Glace Bay. It was the heavy water plant.

Senator Graham: Perhaps I could comment on that, Mr. Chairman. They were skilled insulators, skilled, and the surprise to a lot of people in the area is that this had

been a widely publicized project and millions of dollars had been committed to it by both the federal and provincial governments. It was very surprising to learn that in a project of this kind where the prime contractor knew that these basic skills were going to be required—because that contractor had been on this site for quite some time—there was not a greater liaison between your department, the provincial department of education and the provincial department of labour in terms of training local people, particularly where you have an unemployment rate that is running now at 25 per cent. I think this is the point that Senator Croll was making. He was asking why this kind of liaison did not take place and why this kind of training was not provided.

Senator Croll: I am not trying to embarrass these gentlemen at all. Perhaps it is not their responsibility. They are doing their job. But at least they will take the message back that we are alert to the situation.

The Chairman: Before he takes the message back, perhaps he would like to answer the question.

Senator Croll: I did not think he had an answer, and I did not want to embarrass him. If he has an answer, I should be glad to hear him.

Mr. Lefebvre: I am told that we have no information on this specific case at the moment.

Senator Croll: That brings me to another question. We have to consider what the senator just said, that there was a lack of liaison with something as important as a manpower department in this country, so you have to ask yourself the question—there is no reflection intended by this, but you have to ask yourself the question: Is it because they did not have confidence in us that we would be able to do this job for them? Why did it happen? We must face the fact that it did happen, so you have to answer that question.

On the A and B plans we were talking about, I thought the Ontario plan had a direct advantage in that they were selling you X number of hours of training which meant that they were in a position to get out and, if necessary, improve an institution or enlarge an institution, whereas the others were not in the same position to do it. Perhaps some provinces were, and may not have wished to do it. I thought that was a direct advantage to your people, or did you look at it in that light?

Mr. Lefebvre: I would agree with the senator that from our point of view the agreement with Ontario for a fixed price is very advantageous, but there is no way our minister can force any province. I think that is a problem, and I think Ontario was the only one who volunteered for this kind of arrangement.

Senator Croll: There are two or three provinces who could well afford it if they wanted to.

Mr. Lefebvre: It is available to them.

Senator Croll: In your discussion with us you talked about the poverty line, and you drew some pictures. I would ask you to be careful with that, and indicate to you that you might get yourself into some difficulties here, because we understand this kind of thing. The Statistics Canada poverty line is 20 per cent below the poverty line shown by the Senate report on Poverty in Canada, which

was adopted and referred to with approval, and which appears in the minutes of the Minister of Welfare and the other provincial governments, so that in using this you have to make up your mind as to where you stand on it one way or the other or else refrain from quoting it at all. When you are giving us these figures, I ask you to correct the thing the next time around.

Senator Neiman: Mr. Chairman, the questions of the committee today reflect the concern of all of us as citizens and taxpayers about the relationship between the various levels of government. I think this is what we are getting at in many ways—whether we are citizens and taxpayers and entitled to assume, for instance, that our provincial governments will train us, educate us, to a certain level and that perhaps the federal government should then only have to come in in extraordinary cases to back up an overall unexpected federal concern.

Perhaps I could give an example. I am speaking now of my own area near Brampton where I had some conversations with the president of the local automobile dealers' association. There are several very active and large automobile dealers in that area. I was advised in the first instance to get in touch with them because of the manpower situation which is dreadful, and they undoubtedly would have some complaints in this respect. When I spoke to them I found that it is impossible for them in the Brampton area, which has a tight labour market, to get trained mechanics. I was told quite flatly that they needed to import somebody.

I was given the example of one small dealer who has only three men and is desperate at this point. Two are from Jamaica and one is from Scotland and completing a program which he hopes will finish within a few months. He is Canadian. This dealer said that if he could not import people or get them otherwise, he would absolutely be forced to close his doors. He said he did not fault the federal government or the training programs in the slightest. He said it was a provincial responsibility and it lay somewhere between the provincial and municipal level, and perhaps in the school training system. What bothered him was that the need was so great and nobody seemed to be taking the responsibility. He said he knew the federal government funds programs in the province, and asked if we see that they check on it and, with the money they give the provinces, force them in some way. Could we not coerce them into seeing that these types of programs are provided, because these are well-paid jobs, paying \$8.50 or \$9.50 an hour, and they cannot be filled. This raises the question of how to ensure, since we are handing over all this money to the provinces, that the money that is handed over to another level of government is being used where it is obviously necessary.

Mr. Lefebvre: Perhaps I was not clear enough on this. Certainly we are not handing money to the provinces. We are making money available to pay for the training we purchase. We make the decision—and we cannot avoid that—on referrals. This is according to the act. So our department is responsible for the referrals that we make. We cannot blame the provinces for that. The problem you quoted is a very real one. We are now developing our occupational forecast model and our analysis of job vacancies. We have a specific job vacancy survey made quarterly and we are having more and more warnings in the system to advise the people that this has happened or is likely to happen. So we believe that from year to

year we are improving in matching the labour market requirements. I would admit to some mistakes and failures in the system. That is obvious. Every time we focus on one of these, we discuss it with our people and we say, "Look, what are you doing on that?" The record shows that there are these job vacancies.

The problem is that it takes time to train people. You have referred, senator, to the education system. I hope not to offend anybody, but I think if we have some weaknesses in our manpower training system—and we do have—we are certainly much better in that respect than the educational system in general. I think most educators do not accept the notion that they are educating for the labour market, but claim they are educating for the development of the individuals and so forth.

The relationship between the education system's production and the requirements of the labour market are much looser than in the case of our programs. In comparison, I think we are better. We are bound by law. The act forces us into it. I think this is a good thing, because it tends to augment the production of the funds invested in that program. We are by no way perfect; we don't pretend to be.

Senator Neiman: I really feel that the breakdown is somewhere at a lower level. I think my concern is with the federal government's expanding its services and moving into areas that really, from a jurisdictional point of view, do not belong with it, and should not belong with it.

For instance, you mentioned a program which, I think, undoubtedly would prove to be necessary—a basic literacy program. I can understand the federal government's projecting a program such as this for immigrants who need a type of language skill training, which we already have to a certain extent but, surely, it is basically a provincial responsibility to ensure that our citizens obtain some basic literacy? It is not that I am questioning your good intentions; it is just a question of trying to regulate the relative responsibilities of our various levels of government in these different programs.

May I just ask you for some specific examples of the types of projects you have for handicapped or disadvantaged people, and how closely you work with a private or provincial agency in these areas?

Mr. Lefebvre: We do not have a special rule for physically handicapped. If you are thinking of how we encourage the training of people with some disadvantage, I would call upon my colleague to speak a little on what we call the BJRT program, the Basic Job Readiness Training program, or another component, which is work adjustment training. Both of these programs have to do with training disadvantaged people. Would you like to comment on this, Mr. Botham, or shall I do it? I am sorry, Mr. Chairman, if my answers are too long.

When this act was adopted the intention was to supply people in the labour market with vocational training. That was the purpose of it. I was not around, but that was told to me afterwards.

The government realized, because of the level of schooling in most provinces, mainly in the Maritimes and Quebec, that it was necessary to supply the adult with basic training before any vocational training was feasible. This is how the federal government got involved in basic training. I think 32 per cent of our institutional training is

presently basic training at some level, either the lower level or the higher.

In this basic training, which is in the first years of schooling, grade one to six, we had a special program that was developed jointly with the provinces which we called basic job readiness training. It is, in fact, a literacy program, focusing basically on communication skills, but containing also life skills, in order to encourage the adaptation of the adult to the social environment. This life skill component is very important in terms of helping these disadvantaged persons to better adapt to society.

We have developed another program which is still very small, which we call work the adjustment program. This program is oriented towards financing an adult, who is referred by the CMC to an institution—either a sheltered workshop, or some institution of this kind—where this person would be exposed to a number of work situations, and where he would have a chance to try his or her ability on a number of skills in order to discover which skill would be better fitted to this individual. It also contains general information to help to adapt to the work environment and so forth. We have two programs, one which contains basic training with some life skill, and the other one which is directly oriented towards adaptation to work. The other way in which we do some training for the disadvantaged is right there on the work site in the ordinary job situation.

If an employer wanted to recruit trainees from our CMC he would have three options, which are: train X number of workers for X number skills, or occupations; and take them on his own present strength, for which we would reimburse 40 per cent of the wages up to \$125 a week; or take unemployed people from our list of unemployed, for which we would reimburse 60 per cent for the duration of the training period. If he takes the disadvantaged person we reimburse 85 per cent. In this way, if an employer takes a group of five so-called disadvantaged clients and wishes to train them for a specific occupation, we may, in discussing the training program with him, take into account the handicap of these five persons thus allowing a longer period of training. This would be tailor-made to the situation. Therefore, we have three ways in which we try to accommodate the training plan to the specific needs of the disadvantaged clients.

The Chairman: You have now a basic job readiness training program, a work adjustment training, a creative job search, a special job finding and placement drive, basic training for skill development, and Outreach. In many ways they seem to do essentially the same thing. Is there not a lot of overlap there?

Mr. Lefebvre: I really do not think so, Mr. Chairman. I think each program, if you look at the specific description, is oriented towards a specific goal. For instance, the creative job search is a program of very short duration, and is aimed at simply helping somebody to find his way. It is to help someone who is in need of a job. We all know that it is not always easy for a person who is unemployed to find a job. If it is a person that has had the same job for ten or fifteen years, and one morning it is over, where does he or she go now?

Senator Neiman: Could you give us a specific example of that? Exactly what would you do?

Mr. Lefebvre: For a creative job search? Mr. Hunter can describe the contents of that program. It is not really a training program, I would say. It is an employment search program.

Mr. J. A. Hunter, Director of Manpower Co-ordination Branch, Department of Manpower and Immigration: The creative job search program, Mr. Chairman, is a program that a CMC would invite a client to take. It is normally conducted in two evening sessions, perhaps at the CMC office, or at the local YMCA. It would be led by a counsellor or a teacher, who is contracted locally to provide some training to an individual in how to approach an employer, how to prepare a curriculum vitae, how to analyze himself and decide what sort of skills they have and what sort of approach they should make to an employer. It is really a question of, "How do you go about it; how do you find a job?" It is for people who are basically already job ready. It is not for people who require additional training. If they require additional occupational training or skill training they go to one of the manpower training programs.

The Chairman: In one of the Toronto CMC's which I visited, I believe the people that come into the job information centre indicate whether they would like to take this course. The course is conducted by two people on the basis of "how to handle yourself in an interview, how to fill out a resumé," and so on. I think they had 13 or 14 people in the course at the CMC that I visited. They take a couple of hours on one evening a week, and they come back the following week for a follow-up course. They said that of about 14 people who attended in the first place they would get about five back on the second session and they would then run the first course of the next go-around. As to whether or not people attended the course, it seemed to be a question of their having seen it up on the wall where the job information centre was and saying that was the sort of course that might be useful to them. Then these two people conducted the course.

Senator Carter: Do they get paid?

Mr. Hunter: No, it is an entirely voluntary course.

Senator Graham: I would like to refer to the institutional training and industrial training, and the relative emphasis that is apparently placed on institutional training. Is this by accident or by design? To use the figures on your chart, they showed that in institutional training, handled mostly by the provinces, 14.8 million training days were evidenced there, as opposed to 2.6 million training days in industrial training. My question is: Is this by accident or by design?

Mr. Lefebvre: I would say, sir, if I may be permitted to do so, that it is something different from either accident or design. I suppose it is a natural expansion. By the agreement of both parties at the beginning, the institutional training was the one that started quickly, and the one in which the federal government was prepared to invest more funds, and this situation has developed over the years.

Any shift in the comparative importance of both elements would have to be, in a way, negotiated. If the federal government wanted to diminish the institutional training component, it would be well advised to enter

into discussion with the provinces, because they have to support our program. They have established the institutions and mounted a whole system of programs which is now available, and they are, to a certain extent, entitled to a continued participation from the federal government unless there is some discussion concerning a reduction.

Senator Graham: Do you have many requests for industrial training that are turned down?

Mr. Lefebvre: Yes, we do, more and more, I would say. We could use more funds in industrial training than we are using now, although this is a very young program and the demand for industrial training will increase as the program becomes better known. Very little publicity has been offered on this program up to now.

Senator Graham: Have you had any complaints that there is too much red tape involved?

Mr. Lefebvre: Yes, we have, sir, and they were right. When the complaints were made they were justified. We are trying to diminish this to a very large extent, although we have to protect ourselves against fraud. We have to have basic documentation and a control system so as to be able to avoid any rip-off, but the complaints were well founded. Our program did contain much too much red tape, if you mean by "red tape" too much documentation.

Senator Graham: Yes. When you are projecting job vacancies, and are trying to decide on what training programs you are going to buy from the provinces, you depend upon information you would secure from labour market projections, and so on, and from employers and industrialists. At the same time, provincial departments of development in all of the provinces, I suppose, are very much involved as to projections concerning what they may see on the horizon. Is there any kind of liaison, for instance, if a provincial department of development sees that they are going to attract such and such an industry to a province, and they are going to require particular skills? Are you getting that kind of co-operation from the provinces?

Mr. Lefebvre: We should, Mr. Chairman, because again there are some occasions when it seems the system does not work as well as it should—and I will admit that—but theoretically, or normally, we should have very good information because we are working on a day-to-day basis with the provinces. The manpower needs committees have technical sub-committees that look at the evolution of the labour market on a permanent basis, and any development which is forecast should come to that information system. There are occasions when the system does not work, and we realize that.

Senator Graham: As evidenced in the Glace Bay situation?

Mr. Lefebvre: Yes, I am sure that is so.

Senator Graham: Do you have situations where industrialists, where they are involved in industrial training programs, now that they have become acquainted with the system, are trying to beat the system?

Mr. Lefebvre: Certainly, sir. We were particularly worried over this in the job creation element of our industrial training program. It is a little more difficult

to beat the system with the permanent industrial training program that we have now, because it is operated under rather rigid constraint, and it is quite seriously monitored.

If I were to say that there are never any defects I would be a liar, or I would be very naïve. We are producing reasonably good training under this program, because it is certainly very strictly monitored.

Senator Graham: I want to refer to page 10 in a general sort of way, where you raise the work adjustment training program. Reference is made to what will be hopefully an improvement in poor working habits. Is there any degree of success in that particular field?

Mr. Lefebvre: Frankly, sir, there are no measured data that I could give you. This work adjustment training is very recent, it is very small, and we do not have any specific evaluation yet. So I could not yet answer your question in terms of quantity analysis.

Senator Graham: Could you give me an example of how you might attempt to improve someone's poor work habits?

Mr. Lefebvre: I will give you an example that I heard recently of what we did for a person who was referred to training. The CMC counsellor took this person by the hand and brought her—it was a lady in this case, but it could have been a man; I do not pretend that only ladies need to be helped to go to work—to the work situation for the first day, because she was afraid of going to work. Do you see what I mean? It can vary quite a bit, but I am giving you an extreme example of what can happen.

Senator Graham: Do you find that you have many outdated programs in particular areas and that you are being pressured by local elements to retain those programs? Do you find also that applicants for training are being pressured to take that kind of program because the teacher might lose his or her job unless he or she has enough students in the class.

Mr. Lefebvre: If by "program" you mean "courses," sir, the answer is yes. We are pressured and we resist such pressure. We are trying to build a system that would minimize these pressures to the maximum extent possible. However, if you think in terms of the numbers of trainees, you must remember that the Canada Manpower Training Program is as big as all of the Canadian universities put together. It is a huge program. It is not easy to cover the whole thing. We are very much in sympathy with the preoccupation reflected in your question, senator, and we are doing our best to minimize the situation. There are some rigidities in the system, and I am afraid there always will be, despite the fact that we are trying to minimize them.

Another aspect of this is that we try to discourage the provinces from fully staffing any establishment they build for CMTP. We try to limit it to less than 80 per cent of permanent employees, teachers and instructors and so forth, because we are saying to them "we are operating a labour market training system, we have to adapt to the labour market; if you employ 100 per cent full time people in all your classes, in all your counselling system, supporting services and so forth, we will be caught in a straitjacket." We do not want that. So we are doing our best to establish this flexibility.

I think it is no secret that we are supported by numerous people in the provinces, Mr. Chairman, because one province does not speak with one voice, as you can imagine. There are conflicts of interest and conflicts of opinion in the provinces as well. The trend Senator Graham is suggesting is supported not only by us but by a number of provincial officials, although it is a fact, as you have suggested, that we have to fight constantly to avoid being pressured to do what you have described.

Senator Graham: Do the qualifying grade levels to get into a particular course vary from province to province?

Mr. Lefebvre: I believe so. How much it varies from province to province I am not sure. I doubt if there is a big discrepancy today, because the provinces are exchanging information and we are encouraging them to do so. Perhaps Mr. Botham could give you his assessment of the situation.

Senator Graham: Before he does perhaps I could just qualify my question further. In Ontario the secondary education goes to grade 13, whereas in New Brunswick it goes to grade 12. The relativity there is important. It may be that in Ontario they would require a trainee to have grade 10, while in New Brunswick they would require only grade 9 for the same type of skill or level or level of intelligence of learning.

Mr. G. C. Botham, Director, Institutional Training Division, Department of Manpower and Immigration: Mr. Chairman, it is conceivable that there may be need for that kind of difference, but it would account for only one year rather than for massive differences.

Senator Graham: If I may follow that up, have you had any complaints to the effect that qualifying grades are too high?

Mr. Lefebvre: I do not think we have had complaints to that effect in the recent past, sir. Some provinces have adopted this system, Mr. Chairman, but we are encouraging the abandonment of any prerequisites in terms of a level, and would rather rely upon the system of testing abilities for entry into skill training.

Senator Graham: What kind of liaison do you have with schools in particular areas, particularly the vocational training officers in schools, as to the kind of training programs that are available to people who are drop-outs or who leave school early? What kind of liaison do you have with these people? Is there an attempt to deal with the school children at the secondary school level by saying, "Look, this is a potential dropout." You get that information from the vocational training officer in that particular school, or he has that kind of information and he directs them to you. What kind of liaison do you have?

Mr. Lefebvre: The answer to this will vary a great deal from province to province. As you realize, it is a matter of attitude of the provinces as regards the relationship with the federal authority. You are talking now about the students, those who leave the formal educational system. Perhaps Mr. Hurd could comment on that with respect to British Columbia.

Mr. Hurd: Our main input to the public school system, particularly the high school level, is the labour market information, and that kind of thing. They have introduced

the creative jobs search techniques program in the high schools in modified form. They took it from Manpower. But usually it is the labour market information and careers information which is being developed by our department and given to the provinces where they will use it to acquaint the students with what they can expect in the labour market. That is developing quite rapidly. It is a little separate from training, but it is certainly a good thing.

Senator Graham: What is the relative distribution of grants for English and French instruction?

Mr. Lefebvre: There is no quota system. It happens that most of our language training for immigrants takes place in Ontario and Quebec. In the case of Ontario I think all the language training provided to immigrants is English. In the case of Quebec there was an agreement between our minister and the provincial minister of education a few years ago whereby, first of all, the funds available for language training would be reserved for immigrants. Immigrants would have an absolute priority over other citizens or other people resident in the province in need of this training. There was also an agreement that priority would be given to French. Somebody who is not familiar with the French language would be offered a French course and—Grant, do we have the figures on the actual split between French and English? Offhand, I would say probably 75 per cent French and 25 per cent English. I would prefer to supply that figure to the committee tomorrow, if you do not mind, because I may be wrong. I think that is what it was in the recent past, though.

Senator Graham: Mr. Chairman, if a person has a particular skill, but in the province in which he lives there is no job opportunity for that particular skill, while there is in another province, though it would require him to learn another language, would the language assistance be available to that person?

Mr. Lefebvre: I am afraid that the answer must be that under the budgetary constraints that we have had and still have, it has not been possible to make language training available to people other than immigrants, except in very small numbers. We cannot at this moment supply language training to Canadians who would claim that this is necessary either for employment or for promotion purposes. We do not have up to now the necessary funds to expand the program in that direction. Our minister is presently discussing this problem with his colleagues in cabinet.

Senator Manning: I would like to ask two or three questions in one area which has not been dealt with so far. My first question is this; Does Canada Manpower have any programs designed to meet the concerns of employees whose jobs may disappear by reason of technological progress? I could state my reason for asking that question, and it will help you to confine your answer.

We would all agree that Canada, like other industrialized nations, is not attaining its potential productive capacity to a full degree, partly by reason of the resistance to automation and technical progress in industry. This resistance comes primarily from labour unions and employees who see automation as a threat to their jobs. For this reason, if something is being done, or can be done, in the training programs of Canada Manpower to

relieve that concern on the part of these employees, it would not only be solving their problems, but could be significant in the contribution it makes to higher productivity in this country. If that is being recognized, what is being done about it?

Mr. Lefebvre: Mr. Chairman, this is a very important field. We have in this field the Canada Manpower Consultative Service designed exactly for the purpose Senator Manning has just described—to help employers and employees in a situation where jobs are challenged by technological change or by some structural change or any sort of development in the industrial sector concerned so our minister can enter into contact with this employer where the employer, the union, the province and our department sit down together and study the measures that can be taken to try to resolve that problem. This can be through training or through the transfer of the worker or through other means. In the past year our department has signed or has developed over 600 agreements to that effect to solve as many individual problems and the budget involved is of the order of \$6 million. Again this special program does review all the aspects concerned with the protection of these jobs and it can involve retraining or transfer or anything else.

The Chairman: We have some material on that problem, Senator Manning, and if you would like we can send it along to you.

Senator Manning: Thank you. Have these programs been in operation long enough for you to make any assessment of the extent to which they are relieving the concerns of employees, and thereby reducing the resistance to technological progress in industry?

Dr. Fay: This is a very difficult program for us to come to grips with and it has not been going on long enough for us to be able to answer that question.

Senator Manning: My next question, Mr. Chairman, refers to training available to immigrants and some reference has been made to this. At what stage does an alien become eligible for any of these training programs? Does he have to have landed immigrant status, or does he have to have made application for citizenship, or does he have to have a work permit, or at what point does he become eligible?

Mr. Lefebvre: I suppose he would be eligible if he is a landed immigrant. That is the pass mark.

Senator Manning: In that regard what is the liaison, if any, between Canada Manpower and the Immigration Department in this matter of landed immigrant status, and I am thinking particularly of work permits. Do they come from Canada Manpower or from Immigration?

Mr. Lefebvre: That comes from Immigration after consultation with Canada Manpower.

Senator Manning: How close is that?

Mr. D. Toupin, Director General, Manpower Client Services Branch, Department of Manpower and Immigration: Very close. In many cities they are in the same building, but otherwise the immigration office sends a form that is completed by the immigrant to the CMC who then passes judgment as to whether or not the labour market can bear accepting one immigrant in that par-

ticular trade, and then it is returned to the immigration office which delivers the permit to the immigrant.

The Chairman: We have had in that respect some information from people who have been involved that Canada Manpower is unusually restrictive in stating that the particular skill that the immigrant has is one that is in short supply, and that it is very difficult, if not impossible, to get Canada Manpower to agree that they require that person in the labour market.

Mr. Lefebvre: The position taken by our minister is that he wants to make sure that with the present level of unemployment that we experience in this country no abuse is made of the work permit technique, because, as you know, some employers have a tendency to prefer strangers to Canadian workers because at times they are more easily accommodated to bad working conditions and things like that, and I know our minister stated recently in the House very clearly that he wanted to protect Canadian workers and to prevent any abuse of work permits.

Senator Manning: Is any special attention given to the case of foreign students who are admitted into Canada on student permits, or under some authorization to take training, but who in the process of that training obviously must support themselves and do temporary work? Is there any special consideration for that category?

I could give you a concrete case that came to my attention recently. The young man in this particular case is from Nigeria and he applied through some channels to Canadian authorities because he was interested in taking technical training in Canada. He was granted whatever kind of permit was required to come to Canada for this training. It is a three-year course in some phase of engineering—constructional engineering, air-conditioning and this type of thing. He is enrolled in a technical institute in Canada today. Now, this man is not in a position to support himself with the funds he had for a three-year course. He has to work during the vacation period to see himself through. Nearing the end of his first year, he was offered employment with a construction company, but he has been refused a work permit. This man is in the difficult position of having come all the way over here, on information provided to him by Canada and with a permit issued to him, and now he is told he cannot have a work permit. That is tantamount to saying to him, "You have to go back, because there is no way you can stay here and take your training." It bothers me in connection with what we are discussing today, because here is the case of a man paying for his own training and prepared and willing to do the work to earn enough to live on while here. If he came in here with landed immigrant status he could qualify for help from public funds. But he is not asking for that. All he wants is a chance to work at a job that has already been offered to him.

Mr. Toupin: My understanding, senator, is that a certificate is supposed to be given to this immigrant at the time he comes in to undertake some study. Normally, I do not think he would have been granted this certificate as a student if he could not have supported himself. This is the way I understand the regulation.

The reason why no work permit has been issued was because he really would, at some point in time, take the job of a Canadian student, as much as we have sympathy

for his particular predicament the Canadian student, of course, must have preference over him.

Senator Manning: Can this be as a result of a change in policy of this type of work permit during last year? The case I speak of is the matter of a foreign student who came to Canada a year ago and has gone through the first year of his technical course. Has the problem been created by the tightening up of this work permit situation since that time?

Mr. Toupin: I think in former years these people did not have to obtain work permits. Later they were hit by two different sets of rules. If you would like the Department to look into this particular case, I would be glad, after this hearing, to take the particulars and give you more details on this matter.

Senator Manning: I did not raise the question for that reason. I felt it illustrated the problem which, I understand, faces quite a number of foreign students at the present time. I was not aware of the arrangement between Canada Manpower and the Immigration Department.

Mr. Toupin: It is very close. Both officers must deal with one another before a work permit is issued. The permit to enter is given by the Immigration officer, but the judgment as to whether the labour market can bear one, or ten more temporary immigrants is something for Manpower to decide.

Senator Neiman: As a supplementary, I was wondering, when an application for entry, such as the one Senator Manning has mentioned, comes to your department or is being considered or approved for entry for special training, whether it is at this point made quite clear to him that he will not be issued a work permit, or in the alternative, that he must be prepared to sustain himself financially for his entire stay in Canada. Do you make that quite clear to him?

Mr. Toupin: I believe this is the case.

Senator Manning: I do not question the policy at all, but there are, I think, slip-ups in that procedure. I am afraid what happens—and I have had a few cases like this brought to my attention—is that somebody comes in as a student from a foreign country and obtains a permit. Quite often friends, or people who know these students, are in communication with them and they decide to come. When the earlier students came there was very little requirement regarding work permits, and the student who then comes after them assumes the same rules apply. I am afraid too often it is not made clear to them that the score is not the same as it was last year, or years ago. I know of cases where this has happened.

Mr. Toupin: We should make sure that the proper information is passed on by way of a pamphlet, and so on, to all foreign students before they are admitted to Canada. This would eliminate this type of situation arising. I have no doubt it does arise on occasions.

Senator Sparrow: There were arrangements made to supply the percentages of unused training days, and I believe it was passed forward.

Mr. Lefebvre: Yes, I was going to deal with that. In 1973-74, the utilization rate of the seats purchased was 82.9 it seems we have a drop from 1972-73, where it was 83.1.

Senator Sparrow: Is there any provision for the trainees to take out student loans? Do you have any provision in that regard?

Mr. Lefebvre: No. The Student loan program, Mr. Chairman, refers to another program which is financed by the federal government and administered by the provinces for those students who are in the post-secondary regular school system, if I can put it that way. At CMTF this does not apply. We do not have any system of loans to students. We offer training allowances when they are required. In fact, most of our trainees, if not all, do receive allowances which is an income maintenance system.

The Chairman: Can a person receiving these training allowances draw unemployment insurance at the same time?

Mr. Lefebvre: No sir. If one of our trainees receives an allowance which is less than the allowance that he would have received from unemployment insurance, then unemployment insurance pays him what we call in our jargon "a top-up allowance". They would pay him the difference between our allowance and what he received under unemployment insurance. We are presently, as I believe the members of the committee are aware, studying with the Unemployment Insurance Commission ways and means to better coordinate our two allowances. We have a pilot project in Newfoundland...

The Chairman: I want to ask you about that. I don't understand why that is so different from what is happening now.

Mr. Lefebvre: In Newfoundland, under the pilot project, we pay our trainees just the minimum allowance. The Unemployment Insurance Act provides for a top up. It does not limit the amount that they can complement the allowance for one of their trainees.

The Chairman: Excuse me. The pilot project states:

In cooperation with UIC to utilize insurance funds for the purpose of providing training in shortage occupations to unemployed clients in Newfoundland and to experiment with a more constructive use of UIC funds.

If, as you tell me, the training allowance is in lieu of the unemployment insurance, and if it is less than unemployment insurance, then UI is entitled to top up to the extent of the unemployment insurance, I do not see any difference in the new project than what is already in effect?

Mr. Lefebvre: There is no difference for the trainee, Mr. Chairman. There is a difference in the use of UI funds. They do pay 90 per cent, 80 per cent, or thereabouts, of the—

The Chairman: Wait a minute. They pay the unemployment insurance plus 80 per cent of the training allowance?

Mr. Lefebvre: They pay everything, Mr. Chairman, over \$10 a week. We pay \$10 a week as a minimum allowance, and they top it from there.

The Chairman: Top it to where, though?

Mr. Lefebvre: To what the claimant would receive by way of unemployment insurance.

The Chairman: But that is what happens, anyway.

Mr. Lefebvre: Well, no; there is no difference with regard to training in Newfoundland, under this project from what would happen anyway. You are right.

The Chairman: I am talking about the position of Canada Manpower and the UIC position. I cannot see any difference under the new project from what occurred under the old project.

Mr. Lefebvre: May I give you a concrete example? Let us suppose we have in Newfoundland three gentlemen—one is Joe Blow, one is Arthur Smith and the other is Joe something else. Joe Blow would have received from us \$40, Arthur Smith \$95, and the third man \$100. The Unemployment Insurance Commission, in this situation, would have topped up whatever difference there was between their allocation and our allowance. That is the regular system. Under the pilot project, we are paying \$10 a week. They are looking at their act, and they say, "Okay, Joe Blow would normally receive from us \$100. Manpower is giving him \$10; so we will give him \$90." That is the difference. They are contributing to income maintenance.

The Chairman: I am sorry to be obtuse, but I do not see the difference.

Mr. Lefebvre: I wish I had a blackboard.

The Chairman: Perhaps you could write something up on it, because I cannot quite get the difference.

Mr. Lefebvre: Up to now there is no tremendous difference. I would admit that. For the trainee there is no difference in that regard. The difference is that we have tried to work much more closely together, and that is the important part.

Senator Carter: The main difference is that you are spending less money.

Mr. Lefebvre: We are.

Senator Carter: And UIC is spending less.

The Chairman: No, Unemployment Insurance is spending more.

Senator Carter: They are spending more.

The Chairman: UIC is spending more, and Manpower less. You are putting it from one pocket into the other. I understand that.

Senator Sparrow: Getting back to student loans again, these are available for technical training as such at technical high schools. Is that correct? Are you familiar with that?

Mr. Lefebvre: No, I could not tell you that, sir, because it depends on which technical high school you are referring to. At an institute like Ryerson, students would be entitled to it. It depends on whether it is over the secondary level. It might possibly be any institution in Canada, so I reserve judgment on this. I am not a specialist on it. It seems to me that at any school which is above the high school level a student is entitled to some sort of loan or bursary, or both, depending on the province.

Senator Sparrow: It seems to me that there might be some connection between your trainees and the people that presently obtain, or are able to obtain, student loans, and who therefore have to pay them back. It seems to me that somewhere there is an unfairness, or could be an unfairness, with regard to the actual grants that you are giving to some people, whereas another student is actually having to borrow and pay the money back. Is that a true statement?

Mr. Lefebvre: The senator, Mr. Chairman, is perfectly correct. There is a need to rationalize the various income support or income maintenance systems. I do not think we will see the day when all of them will be perfectly reconciled one to the other, because there is a whole set of them; but the senator is perfectly right: there are some inconsistencies which citizens find scandalizing or offensive, or which may not be entirely equitable. I think you are perfectly right. I am sure that the federal government, in reviewing the act, will have as one of its objectives that of trying to improve this situation.

Senator Sparrow: Have you any studies on that that we could have copies of?

Mr. Lefebvre: Our studies are not completed. We have some under way, and we would be pleased to send to your committee copies of what is available as soon as it is completed. Unfortunately, it is not completed at this moment.

Senator Sparrow: Have you a time element on that? Or would you have any preliminary studies that we could have?

Mr. Lefebvre: It will probably take a couple of months. In two or three months, I would say, we should have some information.

Senator Sparrow: Could we have anything now?

Mr. Lefebvre: What we could provide you with, Mr. Chairman, at present, is a statement of the problems.

Senator Sparrow: All right.

Mr. Lefebvre: We have that, but not the solutions.

Senator Sparrow: You have a farm management training program, I believe, which might be new. What is it called? Perhaps we would benefit from a brief explanation of that.

Mr. Lefebvre: It can be called all sorts of names, but I think "farm management" is a title which is common. It could be called something else, depending on the province, because it is the provinces that are setting up the course. That is always the case. We do not organize any courses. We finance them, we choose the trainees, we refer the trainees, but we do not set up the courses. I have some figures on agricultural training, and I hope, specifically on farm training. Let me find them for you. In the meantime, if you have another question, senator, please go ahead.

Senator Sparrow: In that particular regard, what I am particularly interested in is this: It seems to me—and I am not particularly familiar with the problem—that there is training available; that your department finances existing full-time farmers that are already gainfully em-

ployed in a private enterprise system, and they are getting, in the winter months, training allowances to attend these classes. In fact, they are not, basically, unemployed people. That is really what I am trying to get at.

Mr. Lefebvre: I have the answer to this question, Senator. You are perfectly right, and we are not sure that this situation that you have described is acceptable. We are presently reviewing our policy as regards the payment of training allowances to self-employed people. The rationale for our allowance system is not too clear, as to whether it is a question of a training incentive, or if it is an income maintenance allowance, or what exactly is the nature of this program. We are not satisfied with it at all, on any ground, so we are looking for an improvement in this area. It is my own feeling that under present circumstances we should not pay the same kind of allowances to people who really need it as to people who do not need it. Your question refers to one of the aspects we are studying, and your point is very well taken.

Senator Sparrow: Would you have any particular further information, without getting into a wide-ranging discussion, that we could have in written form on this subject? Are there any reports or studies you might have?

Mr. Lefebvre: I shall be pleased to send to you whatever statements we now have. Again it will be only a statement of the problems. We do not have the solutions yet. However, we will be pleased to provide you with the problems. You may even help us to find the solutions. Your committee, I am sure, may well come up with recommendations that will help us to see our way clear in this.

Senator Sparrow: Under the original NewStart programs that were developed across Canada—and there may have been six or seven, or one for each province—there was a NewStart program in Prince Albert which was very effective. We who were members of the Special Senate Committee on Poverty, under Senator Croll, visited and viewed that program, which was basically a life skills training program more than anything. I understand that the manpower training department has incorporated that original New Start program into its own program. Is that correct? If so, what are they doing now? Is it research, or are they doing some training?

Mr. Lefebvre: No, they are not doing training. They are mainly involved in the field of production of training instruments, training methodology, training technology and research. There might, in the very near future, be some changes as regards the exact mandate, or as to the way we are approaching this problem; because one of the important developments that have taken place recently, Mr. Chairman—and I mentioned it in my brief opening remarks—is that our department has made available reasonably large amounts of money for this purpose. It could go as far as \$5 million a year to support training improvement projects developed by the provinces. We believe this represents very significant support by the federal government of training technology as one of the main elements of this training improvement budget. This may change our own involvement as a department in the production of training technology. We are very proud of what was produced by the Prince

Albert research station in that field, and I think that the provinces—mainly the prairie provinces—have been very appreciative of the work the department has done in that field.

The Chairman: Could you tell me whether a person who is receiving training can take a job outside the scope of his training? Is there any restriction on that?

Mr. Lefebvre: I believe not, sir. There is no income or means test. Provided a person registers in training and is in training full time, I suppose that person could work at night and we would not control that.

The Chairman: You would not have the same control that the Unemployment Insurance has.

Mr. Lefebvre: No, we do not have that kind of control.

The Chairman: On the measurement criteria you say on page 14, "Training allowances are not included as economic costs as they are considered to be transfer payments." I do not understand why you say that.

Dr. Fay: Mr. Chairman, there are a number of measures of effectiveness. The first one we call cost-benefit measurement, and it just looks at the additional benefits gained by the country and the additional costs to the country, so that the cost in this case only includes those costs directly associated with the extra training. So the cost of putting on an additional course would be an additional cost that would not have been incurred if there had not been any training. In the same way, if the trainee has any out-of-pocket expenses that, again, is an additional cost over and above anything that would have happened otherwise.

Another way of looking at this would be to look at the cost and the benefits in relation to departmental dollars. In this case training allowances would be included, because now we are looking at net benefits to the country as opposed to departmental dollars.

A third measurement would, in fact, be net benefits against the costs to the whole of the federal government. In that case you would in fact include our allowance costs, but you would net off UIC costs, for example. So there is a series of measurements, but the first one looks at additional benefits gained by training as opposed to additional costs incurred solely through the training. How the man lives during this period is the transfer element, and that would not be included in that particular measure of effectiveness.

The Chairman: If the man were not on unemployment insurance at that time, then it would be an additional cost, would it not?

Dr. Fay: No. Presumably he would be maintaining himself in some way or other, by welfare or some other method.

The Chairman: Would he be getting a training allowance? There are a number of people you train who are not unemployed.

Dr. Fay: This is true.

The Chairman: That is something we would be more interested in. I should like to get to the economic impact. You take the annual income prior to the training and

after the training, and, if I understand correctly, there is a fifteen month hiatus between the two.

Dr. Fay: I am not sure that that is always the case.

The Chairman: I gathered from what you said earlier that it is not always the case. But then you multiply that by the projected earnings for the lifetime of the recipient and then you discount that by 10 per cent to allow for the discrepancy between today's dollar and the value of the dollar in the future. Why do you do that?

Dr. Fay: Why use 10 per cent or why use a discount rate at all?

The Chairman: I will come back to the discount rate, but why do you use the 10 per cent figure?

Senator Carter: That point bothered me also as I read it last night. You make the basic assumption that the person is going to be employed for his average working life. How can you justify that assumption?

Dr. Fay: If I could just explain briefly what happens here, we try to estimate what would have happened to this person if he had not been on training. So in fact at the point we take the measurement after the training we try to extrapolate what he would have been earning on the basis of his earlier post-training experience.

The Chairman: Your extrapolation is purely the difference between the two figures.

Dr. Fay: No. Because if, in fact, he was on a training course that lasted one year, inevitably during that time you would expect his wages to have increased, and we would take that into account.

The Chairman: In other words, you use real dollars.

Dr. Fay: Yes. Having once got this difference between what he would have got and what he is getting because he was on training, we discount that over the whole lifetime.

The Chairman: All right, let us take discounting. You discount by 10 per cent over the whole lifetime. There are some figures here as to the average age of those taking the training course and 47 per cent are below the age of 25. So from that I would guess that your average age would be about 30 or perhaps below 30; it would probably be closer to 26.

Dr. Fay: It would probably be between 26 and 30.

The Chairman: I do not know what we would consider would be the length of employment; it would probably go to age 65.

Dr. Fay: If you use the discount of 10 per cent, then it goes very quickly down to nothing. If the difference were \$100 in the first year, then the next year the difference would be about \$90. So, as I say, after about 13 years we are not in fact giving any additional benefits to this man.

The Chairman: So it is 10 per cent per year. What would happen if you took the cost and compounded the cost at 10 per cent?

Dr. Fay: The cost is incurred at one point in time but the benefits are incurred progressively over the whole period.

The Chairman: That is right, and if I were an investor I could very easily measure the cost and reduce it to real dollars knowing that my real dollar outlay was, say, \$1,000, I would have a compounding 10 per cent interest on that investment in the first place.

Dr. Fay: Yes, that is another way of putting it in the sense that this is why we discount it.

The Chairman: From an investor's point of view it would be more valid—I am not saying it would be from your point of view—and I would like to see what would happen if you took the same formula and compounded the cost and left the increment the same as it was.

Dr. Fay: I would expect the benefits to be exactly the same.

The Chairman: That is what we would like to see. One would be compounding the cost and leaving the increment the same in nominal dollars. The second would be compounding the cost using, I would suggest, the 10 per cent rate, and using the increment in real dollars. The third would be to do the same two exercises including the training allowances.

Dr. Fay: We can get that information.

The Chairman: Senator Carter, you were on the same line of questioning.

Senator Carter: Yes, but you are still assuming that this person will stay employed for the rest of his working life.

Dr. Fay: No, I am sorry, Senator, I did not get on to that question. To try to get at this particular question we have in fact been trying to follow people up after training and the first time we do this is three months after training. There is no way of knowing at that time what their subsequent employability picture is going to be. So we have, with some people, followed them up again after 15 months, and with the information we have on this we can have some estimate of their employability over a whole year following training which we can compare with what happened before. We have another project after people get to 27 months, and we are just beginning to get results in from this. It is a very good question because we look at the labour force experience over the whole three years beforehand. So far we do not have comparative information afterwards. We are having to base this essentially on a 12-month period, on a sample of people. We then assume that that pattern does go on for the rest of their working lives, and the only situation is that because of this discounting factor it is only about the next 13 years that has any real relevance as far as real benefits are concerned, because the benefits when you discount do go down very quickly. After 13 years you are getting very little extra incremental benefit.

The Chairman: Is that a diminishing balance or a straight line?

Dr. Fay: It is on a diminishing balance.

The Chairman: So it would be 100, 90, 81 and so on?

Senator Carter: The validity of your \$9,000 would depend on the size of your sample.

Dr. Fay: No, as long as it was an adequate sample to give a reasonable figure. If it is a random sample that is taken, then obviously the bigger the sample, the more accurate it is going to be, but I cannot see why there should be any bias.

Senator Carter: On page 15, you say at the bottom of the first paragraph:

(e.g., a cost ratio of "three" means that for every dollar our economy invests in training it gains three dollars).

I do not see that it gains three dollars; you get a return of three dollars but of the three dollars you get back, one is the one you started with. So in fact you gain two. Is that right?

Dr. Fay: I think that is a fair statement in that particular case. In the case of some of these that you have been mentioning, it is in fact net benefit, against cost. It may be we should have made it read that he gets back two dollars.

Senator Carter: The economy puts in the first dollar—somebody puts it in—the taxpayer.

The Chairman: It may be more precise to say it means two dollars.

Dr. Fay: Yes.

Senator Sparrow: In the case of the calculation you are using on the return, did you copy that from some other source, or did you develop that calculation basis in your department. Are there other institutions, educational or otherwise, that use a formula for cost-benefit return? I read somewhere—Statistics Canada or somewhere else—figures of the potential earnings of a student who completes Grade 11, of another who completes Grade 12, another who completes one year in university. Are you using a calculation basis similar to that?

Dr. Fay: There is a whole number of different ways. Some people have been using different ways. We did this in consultation with the Treasury Board and here in consultation we were using a 10 per cent discount rate. The discount rate is very important. The lower the discount rate you use, the higher the cost-benefit rate.

Senator Sparrow: Could you advise about other institutions that would use the basis of calculation that you use as a basis of calculation?

Dr. Fay: I could try to find studies that would be comparable for you.

The Chairman: We were discussing earlier that you thought the calculation would come out the same, if we started from the same premise and instead of discounting 10 per cent a year we compounded the cost at 10 per cent a year. I tend to question that, on the grounds that it would seem to me that your average projection would be somewhere in the neighbourhood of 35 years plus.

Dr. Fay: I think it does go down to 10 per cent.

The Chairman: I am talking about the earnings life that is left, on the average, to somebody you train; it would be roughly 35 years. That would seem to me to be a fair calculation.

I appreciate, on your discounting method—I know the calculation works for depreciation on buildings—that over 13 years, using a 10 per cent, you are probably right, you are dealing with next to nothing. So therefore the 35 years is no longer valid. But it seems to me that if you are compounding the 35 years, it means that the cost is multiplied 32 times in the course of that period.

Dr. Fay: I would like to do that calculation.

The Chairman: Using the rule of 72, I think it would be close to it. I did a quick calculation.

Dr. Fay: You may be right.

The Chairman: It seems to me it would be very important that we do this calculation, because you may be right in saying it. I am discounting for inflation. But as an investor I am going to be saying, "No, I want a return on my money. I can get 10 per cent on my money, and you have to show me that that return in training over the lifetime, which then is the 35 years, is a better way."

Dr. Fay: The discount was to include a sort of re-investment element as well as any other.

The Chairman: I appreciate that. It will be interesting to see how it turns out.

Senator Carter: I would like to continue with the industrial training, which seems to be increasing. Initially, in 1968, there were 31,000 trainees and by 1973 the number had more than doubled, to perhaps 72,000. The costs had increased from \$1.1 million to \$37 million. Apparently each person is now taking much longer courses, because inflation cannot count for such an increase in costs. How is that explained?

Mr. Lefebvre: It is difficult with regard to the costing to compare the program from the beginning until now, because in fact the elements within it have changed a great deal. For instance, the first program we started was training in industry, which was only the classroom portion of industrial training, in 1971. We are not involved at all in training on the job. The costs for these elements vary. The safest comparison I can draw is for the same fiscal years in relation to the costs of industrial training as opposed to institutional training or skilled training. In that regard the average cost of each institutional trainee would be \$2,191 and the average cost for each industry-based trainee would be \$881. Even this is not entirely satisfactory, and we are pursuing studies in that regard. However, we do not have the figures now. The only manner in which a strictly valid comparison could be made would be to compare the training for the same occupations in relation to the costs on one side and the costs on the other. The length of training tends to be much shorter in the industrial than the institutional training.

Senator Carter: From which program do you obtain the greater value?

Mr. Lefebvre: The agreement to which I referred previously contains a provision which in my opinion has very great importance. Both parties agree to encourage the referral to training which is most advantageous to the trainee, either institutional or industrial. In order to make things easier, we have allowed the institutions to

contract out with an employer the on-the-job training of a training plan and similarly have allowed the employers with whom we are in contract to subcontract to institutions the classroom part.

Senator Carter: I see.

Mr. Lefebvre: We are not quite there yet. There is some rigidity, which we are attempting to eliminate and make our training plan fit as well as possible for the particular training required for each particular occupation.

Senator Carter: The January 1975 edition of *The Labour Force* contains a feature entitled "Employer-Sponsored Training Programs". It lists Canada Manpower Training programs, together with a number of others. Are you aware of the other employer-sponsored programs?

Mr. Lefebvre: Mr. Chairman, we are aware of them. Strange as it may seem, no one in this country appears to know exactly the size, nature or total content of industrial training conducted under the responsibility of the employers. We are developing with Statistics Canada, in the purview of a survey they are carrying out, a questionnaire which would help us to obtain better information with respect to the total industrial training program in this country. We do not have the information and we know of no one who has it at the moment.

Senator Carter: Senator Sparrow referred to the NewStart program in Prince Albert. I was a member of the Senate committee and remember visiting the training school, which had an evening class. I went around and looked at the students and what they were doing. I came upon a little girl who was wrestling with algebra and making pretty heavy weather of it. I asked if she liked this and she said no, she did not understand it. I therefore asked why she was taking it, and she replied because she had to. I said "Well, why? Who said you have to take it? What do you want to do?" She said, "I want to be a hairdresser." She could not become a hairdresser, she could not go into the hairdressing class until she wrestled with algebra and reached a grade level of 9 or 10. Are you doing something about that?

Senator Graham: Mr. Chairman, I know of a carpenter in Cape Breton, who was a very skilled carpenter, who was told that if he wanted a particular job he would have to go to a trades training school and take carpentry. But in order to get into the trades training school he had first to go to a vocational school to upgrade himself so that he was eligible to get into the trades training school, so that he could graduate as a carpenter—which he already was.

Mr. Lefebvre: Mr. Chairman, Senator Carter and his colleague have put their finger on something which worries us a great deal. I know that our minister is very much interested in this. As you know, the job barrier problem is very important. I think it is an education or an information problem mainly. A lot of employers do not seem to realize that by building artificial job barriers, obviously as a method of selection—trying to select the best candidate for a job—they are imposing, both on society and the individual, a price which is not at all reasonable. There is not much that we can do. We do not have authority to rule. Everyone who has authority in society, who has a platform from which to speak, should try to convince everyone concerned that this is a very serious problem. I wonder, Mr. Chairman, if your committee would not want to come out loud and strong in this regard. It would help. Certainly society and individuals suffer uselessly by this attitude.

Senator Carter: Thank you. We could usefully use up another session on this point.

The Chairman: I recognize, Senator Carter, that you have not had the opportunity to ask all the questions you have in mind. Hopefully, during the course of our hearings, you will receive answers from other witnesses and from the minister. Indeed, if you are not satisfied at the end that you have had the answers to your questions, we shall ask Mr. Lefebvre to return. In the meantime, we thank you, Mr. Lefebvre and Dr. Fay, and also the ladies and gentlemen from Canada Manpower, for your attendance. The meeting is adjourned.

The committee adjourned.

APPENDIX "A"

MANPOWER PROGRAMS INFORMATION

FOR PRESENTATION TO

TO

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

"MANPOWER TRAINING"

DEPARTMENT OF MANPOWER AND IMMIGRATION

FEBRUARY, 1975

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I HISTORICAL BACKGROUND

Before 1967

The involvement of the federal government in the broad field of manpower training spans 62 years. The purpose of this paper is to describe the evolution of that role over more than six decades; and to "look ahead" realistically at the challenges to be faced and initiatives to be taken in the interests of all our clients.

The federal government has "walked many miles down the road" between 1913, when it first entered the manpower training field, and 1966, when this department was established. Our growth and involvement has been equally impressive in the last eight years.

The national government's entree into manpower training consisted of per capita financial grants to the provinces under the Agricultural Instruction Act of 1913.

Six years later, for the first time in this field, the federal government entered into cost-sharing agreements with the provinces under the Technical Education Act to stimulate vocational and technical training in secondary schools.

The tempo of the federal role in vocational training increased under the Vocational Training Coordination Act of 1942 under which the provinces assumed the responsibility for training unemployed persons.

The Technical and Vocational Training Assistance Act of 1960 went beyond the provision of shared-cost financial aid to institutions in training the unemployed--it sought to stimulate re-training the employed so they could become more occupationally mobile.

Although this legislation enhanced the ability of the provinces to increase training capacity, it's design allowed an inequitable distribution of federal funds. Simply, some provneces could not fully respond to shared-cost arrangements because of variations in their fiscal capability.

Total federal expenditures between the 1913 Agricultural Instruction Act and the 1960 Technical and Vocational Training Act were \$110 million for operating and capital. Federal spending under the TVTA Act for a six-year-period (1960-66) amounted to \$592 million for capital and \$259 million for operating costs. In 1974-75 alone, it is estimated that the department will spend a total of \$405,817,000 for the purchase of training and for allowances to trainees.

Adult Occupational Training Act - 1967 (AOT)

By the mid 1960s, the national unemployment rate showed a significant decline. However, striking regional disparities persisted. In late 1966 the federal government responsibly assumed its jurisdiction over the development and training of the labour force, key components of the essential goals of full employment and national economic growth.

The federal government's decision to develop a comprehensive active manpower policy resulted in the establishment of the Department of Manpower and Immigration in 1966 and the replacement of the TVTA Act by the Adult Occupational Training Act in 1967. This new legislation provided the federal government with the scope to develop its role in the implementation of an active manpower policy.

The department was able for the first time to pay 100 per cent of the training and allowance costs up to a 52-week maximum for adults referred to training by Canada Manpower counsellors. Adults are defined as being one year out of school and one year past school leaving age in the province of their residence. The AOT Act also provided for our financial participation in industry-based training.

To meet the expanded training demand brought about by the rapid entry of young people into the labour force and the increasing number of women seeking work, the Act was amended in 1972.

Many of these entrants needed training to "bridge the gap" between the traditional education system and the needs of the marketplace.

The major modification to the AOT Act was the elimination in 1972 of the need for three years' attachment to the labour force in order to qualify for training allowance or replacement income. Allowances for persons in training are tied to the average industrial wage level and are adjusted annually. As well, the 1972 AOT Act

The two basic functions of training are:

- to provide individual workers with opportunities for better-paid, steadier, more satisfying employment, and
- to satisfy the needs of business and industry for suitably skilled workers, thus maintaining or improving productivity.

In addition, training is used to satisfy more specific goals:

- reduction of regional disparities,
- direct reduction of short-term or seasonal unemployment,
- provision of opportunities for the chronically unemployed, underemployed, and other special needs clients, and
- support of economic development strategies.

Federal-Provincial Co-operation

The department purchases/supports training through two avenues:

- institutional (public and private schools, community colleges and vocational centres) and,
- industrial (contracts with employers and employer associations)

The responsibility for designing and conducting institutional training rests with the provinces and the various training institutions.

The department, however, is naturally concerned with the quality and effectiveness of training and takes the initiative in ensuring federal-provincial co-operation for its planning and implementation.

Joint Federal-Provincial Manpower Needs Committees are the mechanism for consultation and decision-making on training plans and priorities. The basic role of these committees vis à vis training is:

- to identify skill needs of provinces,
- to determine how institutional training funds should be allocated,
- to set priorities for industrial training,
- to recommend future levels of funding for CMTP.

Because the Manpower Needs Committee can include representation from federal and provincial departments and agencies and its subcommittees may include unions and employers, it is in a unique position to collate information and co-ordinate activities. By supporting the Manpower Needs Committees we ensure that CMTP not only meets national objectives, but does so in a way consistent with the strategies for economic and social development adopted by each provincial government.

A INSTITUTIONAL TRAINING

provincial schools, colleges and technical institutes. Courses are geared to meet the requirements of individual Canada Manpower Centre clients and the occupational demands of the labour market. The program attempts to focus on long-term career planning, enabling CMC clients to return successively for training after periods of employment. The AOT Act specifies that each training period may not be longer than 52 weeks of full-time or 1,820 hours of part-time instruction. Under the career development concept, workers may proceed through a combination of upgrading and skill development courses interspersed with periods of work to reach their goal and to keep pace with the changing demands of business and industry.

2. Types of Training

A wide variety of courses is available; most training days are purchased for Occupational Skill Training, followed by Basic Training for Skill Development, Language Training and Apprenticeship Training. Comparative data on training days purchased, broken down by province and type of training, is given in Table 1 of Appendix I.

The following is a brief description of each Institutional Training component.

Occupational Skill Training

More than half of the institutional training days purchased are for training people in

the skills they need to satisfactorily perform contemporary jobs. Training is offered for persons entering an occupation, for those in the labour force who need to upgrade their skills and capabilities, or for others who need to keep abreast of technological changes in their work environment.

Most occupational skill training is purchased from provincial training centres and takes place in a classroom setting. Occasionally, part of a course is given in an actual work setting so that trainees have an opportunity to practice and develop the required skills.

Basic Training for
Skill Development (BTSD)

Training days purchased for BTSD represent nearly one-third of the volume of institution-based training. Basic Training for Skill Development has two principal aims: to provide trainees with the basic knowledge required for enrolment in an occupational skill training course consistent with the trainee's occupational goal; or, to provide training enabling clients to enter directly into employment for which a designated academic level is a prerequisite.

Levels of instruction for the components of mathematics, science and communication skills range from grade 0 to 12 with the major portion occurring in grades 5 to 10.

More and more, BTSD courses are becoming individualized so that trainees can enter at the appropriate level in each subject and proceed at their own rate. Entry into a course occurs whenever positions become vacant; training can terminate whenever trainees have reached their individual goals.

Because some clients have special barriers that prevent them from participating in the labour force, it has become necessary to develop two special components within BTSD to meet their needs: Basic Job Readiness Training and Work Adjustment Training.

Basic Job Readiness Training (BJRT) is a highly flexible approach to assist clients in overcoming special barriers to employment by providing them with the opportunity to acquire the basic skills necessary to find and hold a suitable job. Each course contains a core of communications and mathematical skills supplemented by job-search

techniques and everyday problem solving. BJRT permits the introduction of innovative lower level training adapted to serve those clients for whom other CMTF courses are inappropriate or inaccessible.

Work Adjustment Training is intended to assist special needs clients who have serious problems in getting and keeping employment because of factors such as lack of education, poor working habits or a lack of vocational goals and occupational skills.

The program consists of two elements - an assessment of the client's strengths and weaknesses, attitudes and skills; and a period of adjustment training to enhance the client's work potential by providing opportunities to develop tolerance capacities, new knowledge, attitudes and habits required by employers.

Work Adjustment Training is generally purchased for a short period of up to 16 weeks from various organizations that have extensive experience in this field.

Apprenticeship Training

Approximately seven per cent of institutional training purchased is for Apprenticeship Training. In learning a trade, the provincially registered apprentice is required to attend related institutional training classes in addition to working under the direction of a qualified tradesperson for three to five years.

Apprentices are referred to courses by the appropriate provincial Director of Apprenticeship with the co-operation of provincial training authorities and regional training officers of Canada Manpower. The department pays the full costs of classroom training which can be up to, but is generally less, than 12 weeks annually.

Language Training

Language Training represents approximately 10 percent of training days purchased. It is primarily for immigrants who are prevented from using their job skills by lack of fluency in French or English. Language training may also be provided to Canadian migrants -- workers who move to another location in Canada where fluency in a second language is required.

3. Trainee Selection

Adults eligible for CMTP under the AOT Act are selected, referred and authorized to take courses by counsellors in Canada Manpower Centres. CMC counsellors work in close cooperation with representatives of provincial agencies and institutions and together consider such factors as the client's work history, academic achievements, aptitudes and interests before making referral. The trainee selection process begins when clients indicate that they are interested in a training program, and aims at assessing their needs, aptitudes and interests. Thus, a course of action is planned toward meeting their occupational goal.

4. Situation Report

In the eight years that CMTP (Institutional and Industrial) has been operating, over 2 million individuals have undergone training, and more than \$2 billion have been invested through this program in the upgrading of our human resources. The largest volume of training is institutional. Of total CMTP expenditures for 1973-74, 89 per cent was spent on training purchases and trainee allowances associated with institutional training. This represents \$351,568,000 spent on 277,000 clients. It is estimated that for 1974-75, the respective figures will be \$368,517,000 and 263,000 trainees.

The increased cost of purchasing training and enriched allowances for trainees explains the discrepancy in expenditures and trainees--governments, like people, are not immune to inflation.

Allowances comprise about 40 per cent of training costs. Trainees receive from \$43 to \$130 per week depending on their status, number of dependants and distance they commute to the training centre.

Comparative data on institutional training purchases and trainee allowances for 1967-68 to 1974-75 can be found in Table 2 of Appendix 1.

More than half the trainees enrolled are unemployed before training. Data on trainee characteristics indicate that the program is oriented to those lacking basic academic skills: almost one-third of trainees have fewer than nine years of formal schooling. The increase in the number of women in the labour market is reflected in the increased percentage of females enrolled in training: 21 per cent in 1969-70 and 36 per cent in 1973-74.

Characteristics of trainees enrolled in Institutional Training courses comparing the years 1969-70 to 1973-74 can be found in Table 3 of Appendix 1.

5. Evaluation

As with any government program having a variety of social and economic effects, evaluation of Manpower Training poses difficult problems. Nevertheless, our continuing evaluative efforts over several years have produced indicators of program effectiveness that are more firmly based than those for almost any comparable program.

The measures of effectiveness which we have been able to develop reflect the economic impact and the income redistribution effects of training. More difficult to measure, but equally important, are the human and social benefits, such as the effects of the increased spending power of persons working at their potential who before training were unemployed and underemployed.

Benefit-Cost Analysis

One approach to assessing the cost-effectiveness of the program is to compare economic costs with economic benefits.

Economic costs include course purchase costs, production foregone (as a result of the trainee's absence from the labour market), departmental overhead, trainee's out-of-pocket expenses and other expenses, such as commuting, travel and living-away-from home allowances. Training allowances are not included as economic costs since these are considered to be transfer payments.

In assessing the economic benefits of the program we would ideally like to measure the direct impact of training on the worker's productivity. This is not possible in view of the great number of variables which would enter into play. To measure the economic impact of training we have used the increase in the trainee's annual income after training and projected it over his working years to retirement. We have then discounted this sum by 10 per cent to allow for the discrepancy between today's dollar and the value of the dollar in the future.

To compare benefits with the cost of achieving them, we use a benefit-cost ratio, that is, a measure of the returns to the economy resulting from investment in training (e.g., a cost ratio of "three" means that for every dollar our economy invests in training it gains three dollars).

The results for institutional training under CMTF have been strongly positive; in recent years the benefit-cost ratio has ranged between 3.6 and 7.8 dollars for every dollar spent. Noticeable increases in the benefit-cost ratio have occurred for Basic Training for Skill Development, which represents approximately one-third of institutional training purchases. Benefit-cost ratios for Occupational Skill Training have also increased, indicating that expenditures on institutional training are a sound investment; in fact, for each dollar of training cost we can expect to see a long-term benefit of several dollars. Comparative data on benefits and costs by year and type of institutional training are given in Table 4 of Appendix I.

Income Distribution

Since reduction of income disparities is one of the objectives of institutional training, a measure of the program's effectiveness in achieving this objective has been developed. The approach we have chosen is to determine the net number of persons for whom the effect of training is to raise their permanent income above the poverty level as defined by the Economic Council of Canada. The definition of the poverty level takes into consideration the size of the

household for which the individual has responsibility.

Again, the results are strongly positive. Among those completing courses in 1973, three-quarters of BTSD clients and two-fifths of skill trainees had pre-training incomes below the poverty level. Post-training follow-up indicates that of these clients, 40 per cent are raised above the poverty level after training. Chart 1 in Appendix I shows the net proportions of graduates raised from below to above the poverty level, by type of training.

The effectiveness of the program has been greatest for low-income groups. The lower their level of pre-training disposable income, the greater their post-training income has been (Chart 2, Appendix I.).

Other Measure

Economic benefits of the program to individual trainees can be shown in terms of changes in their earnings and employability.

For example, average weekly wages for 1973 graduates from Skill courses were \$112 before training and \$133 (or 19 per cent higher) after training. The comparable wage figures for BTSD trainees were \$95 and \$112, respectively. These wage gains are estimated after making due allowance for changes in general wage levels over the training period. It was also found that on average those taking Skill courses worked five more weeks per year and those taking BTSD courses nine more weeks per year than if they had not taken these courses.

Net increases in the average trainee's annual earnings for 1973 are estimated at \$1,400 for Skill trainees and \$1,600 for BTSD trainees. When accumulated over the average working life-time of trainees, the above increases amounted to \$9,100 for both Skill and BTSD trainees after the 10 per cent discount factor explained earlier.

In summary, the evaluation of institutional training indicates that the returns from training are considerably greater than the resources allocated to it.

INDUSTRIAL TRAINING

1. Objectives

The Canada Manpower Industrial Training Program (CMITP) provides incentives to Canadian business and industry for the development, expansion and improvement of employee training programs to increase productivity and reduce unemployment.

Specifically, the objectives of CMITP are:

- to encourage employers to establish training programs or improve existing programs,
- to expand employment opportunities for unemployed workers, and those with "special needs" who have unusual difficulty securing and holding a job,
- to alleviate persistent skill shortages,

- to prevent the lay-off of workers because of technological or economic changes,
- to support industrial development strategies in various regions of the country.

New Approach

The present Canada Manpower Industrial Training Program replaces three industrial training programs formerly offered by the department: Training-in-Industry, Training-on-the-Job for Skill Shortages, and Training-on-the-Job for The Disadvantaged.

Because only a single program is involved, administrative complexities have been reduced. Since levels of support and the criteria for approval are more closely tied to a clear set of objectives, the program is more flexible than the combination of several that it replaces.

Only the approach to employer-centred training has changed. The program is more flexible, tailored to provide training that is needed regardless of whether it is given in the classroom or on the job.

2. Priorities

As public funds for industrial training represent only a small portion of the total amount expended by employers, program

objectives and priorities are selected to ensure that these funds are used where they will have the greatest impact on increasing the effectiveness of such training in line with national and provincial goals. Industrial training is selective in that it is aimed at supporting training activities that would not otherwise take place.

Priorities reflect the scale of wage reimbursements from the department to employers. High priority is given to training designed and conducted for special needs clients; in such cases up to 85 per cent of wages may be reimbursed.

Employers conducting training for previously unemployed adults and for those whose continuing employment is threatened may receive wage reimbursements of up to 60 per cent.

Employers may receive up to 40 per cent wage reimbursements if training is aimed at employees already in their employ or in the process of transferring from previous employment in a different company.

Persons are eligible for industrial training provided they meet the general criteria for CMTF eligibility under the AOT Act and are:

- employees of the contracting employer, or members of that contracting association during the training period;
- likely to gain continuing benefit from the training and work experience in terms of increased employability and/or earning capacity.

The federal government may enter into a contract with an employer after the training plan has been discussed with the province and providing it is agreed that the employer has the capability and the facilities to conduct the proposed training.

Every effort is made to ensure that the training method to be used is the most appropriate to provide the necessary knowledge and skills required by the occupation. The training should meet the particular problems and needs of the trainee, provide skills which are transferable from one company to another, utilize the expertise and facilities of the employer and call upon other training resources in the community if required.

Normally courses include at least five days of full-time or 30 hours of part-time instruction, but cannot be longer than 52 weeks full-time or 1,820 hours part-time.

3. Situation Report

Industrial training expenditures represent the reimbursement of training costs actually incurred by the contracting employer. Two types of costs may be reimbursed: trainee wages according to the scale of priorities previously described; and the direct costs of the off-the-job elements of training. Expenditures on industrial training have grown from one per cent of total CMTF expenditures in 1967-68 to 10 per cent in 1973-74 (Table 2, Appendix I)

In 1973-74 approximately \$24 million was spent to train 43,000 trainees. Latest estimates give the comparative figures for 1974-75 as \$37 million and 72,000 trainees.

Of the 11 major industrial sectors in Canada, manufacturing industries delivered the largest volume of training, accounting for 62 per cent of training expenditures and 59 per cent of trainees enrolled (Table 5, Appendix I).

Characteristics of trainees enrolled in industrial training are shown in Table 6 of Appendix I. The data indicates that, as in institutional enrolment, the majority of trainees have low levels of academic background.

4. Evaluation

Because the integrated Canada Manpower Industrial Training Program has been in operation for less than a year there has been no opportunity for longitudinal evaluation. Emerging performance data, however, provide some indication of the effectiveness of this program.

Seventy-nine per cent of trainees retained jobs upon completion of training, 14 per cent were unemployed and seven per cent withdrew from the labour market (Table 7, Appendix I).

Since the majority of trainees were either unemployed or threatened with unemployment before being hired and trained by the

contracting employer, the fact that 79 per cent remained employed is a positive indication of the program's effectiveness. Another indication is the increase in average weekly wage rates for trainees. Table 8 of Appendix I shows an average weekly wage increase of 44 per cent for women and 33 per cent for men.

C GROWTH PATTERN OF THE CANADA MANPOWER TRAINING PROGRAM-- Industrial and Institutional

Between 1967-68 and 1973-74, federal funds spent on training purchases have grown from \$49 million to \$246 million; the number of trainees increased from 184,000 to 320,000.

Charts 3 and 4 of Appendix I give comparative descriptions of the growth in cost and volume of training.

The evaluation of institutional and industrial training, given earlier in this presentation, indicate very positive economic benefits resulting from our investment in training. Further, it should be noted that we have directed a great deal of effort toward "special needs" or "disadvantaged" clients. These people are generally classified as "chronically unemployed", i.e., they are likely to experience difficulty in finding and keeping jobs even when the demand for labour is strong.

Examples of clients having special needs are: certain long-term recipients of public assistance and adults who, besides lacking

marketable skills, have mental, physical, social, cultural and/or attitudinal problems.

Our concern and our efforts are designed to ensure that the greatest human and social benefits are available for these persons and for those with minimal academic backgrounds.

From April to December of 1974, approximately 12 per cent of total CMTF funds was spent on Basic Job Readiness Training (Grades 1 to 7), Work Adjustment Training, and Industrial Training (special needs clients). Another eight per cent of total funds was spent on Skill, Language, and Apprentice training for trainees having less than Grade 8 schooling. This represents \$49 million of CMTF expenditures totalling \$236 million. Disadvantaged clients comprised 39,370 (19 per cent) of the 209,000 total CMTF enrolment (Table 9, Appendix I).

The increasing co-operation of provincial government departments and agencies, employers, and other federal departments ensures that the economy will continue to benefit from our efforts in training to meet the needs of the disadvantaged adults of Canadian society.

III LOOKING AHEAD

New Canada Manpower Training agreements represent continuing federal-provincial co-operation in the field of adult occupational training. They ensure that positive steps are and will be taken to

match the training needs of individuals to the skill requirements of the Canadian economy.

Occupational forecasting is a long-term project requiring continual updating. Our improved forecasting systems are near completion.

Preliminary occupation forecasts are being integrated into the planning process. They bolster the ability of the department and the provinces, through the Joint Federal-Provincial Manpower Needs Committees, to plan training in relation to occupational supply and demand.

The efficiency and effectiveness of training are being enhanced by the increasing co-operation of other federal departments, provincial departments and the private sector. In addition, the department is encouraging the provinces to improve the quality of training courses and to investigate recent innovations in training methodology and delivery systems.

One development that has great potential is our co-operation with the Unemployment Insurance Commission. We are currently conducting a pilot project in Newfoundland where UIC claimants are being trained and UIC payments are topped up by training allowances.

We face the challenge of better meeting the requirements of "special needs" clients. This involves adapting present training and

developing new programs more suited to the particular needs of adults, such as Indians and Métis, women, persons lacking basic education and the chronically unemployed.

The department must encourage new and more positive ways to teach the two official languages of Canada when such knowledge is a prerequisite to employment. In particular, there is a need to develop methods that lead more quickly to a level of fluency sufficient to allow the worker to function successfully on the job.

In the longer term we must take a closer look at manpower training within the context of all types of education and training in Canada. With Cabinet approval we are now conducting a Manpower Training Program Review. It will examine Canada's adult occupational training needs in the years ahead and seek the views of federal and provincial agencies and the private sector as to the best possible policy to meet those needs. We anticipate that the Review will lead to proposals for revision of the Adult Occupational Training Act.

There is little doubt that over the next decade Canadians will require enhanced opportunities to acquire new job skills and upgrade their educational achievement throughout their working lives.

The recurrent education and training concepts now being introduced in several OECD countries represent a pattern of alternating work and learning experiences which provide opportunities for career development as the needs of individuals and the labour market change.

We must ensure that Manpower Trainings plays a key role in fostering progress towards this goal in Canada.

APPENDIX I

TABLES 1 TO 9

AND

CHARTS 1 TO 4

APPENDIX I

TABLE 1
INSTITUTIONAL TRAINING
TRAINING DAYS PURCHASED
BY PROVINCE AND BY TYPE OF TRAINING
APRIL TO NOVEMBER 1973 and 1974

PROVINCE	NUMBER OF TRAINING DAYS PURCHASED													
	TOTAL (1)		FULL-TIME						PART-TIME					
			SKILL		LANGUAGE		B.T.S.D.		APPRENTICE		PART-TIME			
	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974	1973	1974
Newfoundland	403,833	427,887	226,888	270,098	--	--	151,305	127,073	25,640	30,716	--	--	--	--
Prince Edward Island	98,615	83,043	60,966	54,251	--	--	35,760	26,590	1,889	2,202	--	--	--	199
Nova Scotia	559,896	456,650	301,400	237,633	--	--	229,792	189,310	28,704	29,707	--	--	--	1,648
New Brunswick	411,026	350,376	212,085	200,804	--	--	174,920	120,063	24,021	29,509	--	--	--	1,750
ATLANTIC	1,473,370	1,317,956	801,339	762,786	--	--	591,777	463,036	80,254	92,134	N/A	N/A	3,597	3,597
QUEBEC	2,425,302	2,296,615	1,046,907	1,124,291	236,281	144,730	1,077,156	945,146	62,958	82,448	N/A	N/A	203,576	203,576
ONTARIO	2,783,352	2,828,359	1,413,187	1,370,917	298,465	353,946	829,522	813,365	242,178	290,131	N/A	N/A	10,229	10,229
Manitoba	331,190	354,693	226,513	222,781	--	2,027	66,221	89,217	38,456	40,668	--	--	--	--
Saskatchewan	234,900	252,834	144,194	142,126	540	540	63,577	76,596	26,589	33,572	--	--	--	--
Alberta	489,343		187,402	165,683	14,440	10,354	112,020	104,091	175,481	202,098	--	--	22	22
N.W. Territories	27,546	25,873	15,824	13,694	--	--	10,322	10,695	1,400	1,484	--	--	--	--
PRAIRES	1,082,979	1,115,626	573,933	544,284	14,980	12,921	252,140	280,599	241,926	277,822	N/A	N/A	22	22
British Columbia	777,440	804,667	494,960	461,634	43,700	43,745	144,945	169,976	93,835	129,312	--	--	5,016	5,016
Yukon	20,728	23,090	16,901	17,067	--	--	3,827	6,023	--	--	--	--	--	--
PACIFIC	798,168	827,757	511,861	478,701	43,700	43,745	148,772	175,999	93,835	129,312	N/A	N/A	5,016	5,016
CANADA	8,563,171	8,386,313	4,347,227	4,280,979	595,426	555,342	2,899,367	2,678,145	721,151	871,847	N/A	N/A	222,440	222,440

SOURCE: B05051

(1) Does not include Part-Time

APPENDIX I

TABLE 2
INSTITUTIONAL AND INDUSTRIAL TRAINING
FEDERAL EXPENDITURES AND TRAINEES ENROLLED

1967-68 to 1974-75

FEDERAL EXPENDITURES AND TRAINEES ENROLLED	1967-1968	1968-1969	1969-1970	1970-1971	1971-1972	1972-1973	1973-1974	1974-1975
INSTITUTIONAL TRAINING EXPENDITURES (\$)								
-TRAINING COST	48,074,346	77,198,583	106,108,997	126,611,696	161,501,847	186,977,306	203,832,697	215,717,099
-ALLOWANCE COST	55,878,000	108,300,434	131,150,183	156,563,076	161,333,196	146,166,734	147,735,039	152,800,000
TOTAL INSTITUTIONAL COST	103,952,346	185,499,017	237,259,180	283,174,772	322,835,043	333,144,130	351,567,706	368,517,000
INDUSTRIAL TRAINING EXPENDITURES								
TRAINING-IN-INDUSTRY	1,113,654	4,466,759	7,784,896	6,402,014	5,601,668	10,353,389	11,628,141	-
TRAINING-ON-THE-JOB	-	-	-	-	N/A	N/A	23,660,397	-
-JOB CREATION	-	-	-	-	N/A	N/A	5,488,124	-
-SKILL SHORTAGE	-	-	-	-	N/A	N/A	1,627,056	-
-DISADVANTAGED	-	-	-	-	-	-	30,975,545	-
SUB-TOTAL TRAINING-ON-THE-JOB COST	-	-	-	-	2,391,289	41,396,494	30,975,545	-
TOTAL INDUSTRIAL EXPENDITURES	1,113,654	4,466,759	7,784,896	6,402,014	7,992,957	51,749,883	42,603,690	37,300,000
TOTAL TRAINING EXPENDITURES (\$)	105,066,000	189,965,776	245,044,076	289,576,786	330,828,000	384,894,013	394,171,396	405,817,000
EXPENDITURES PER CAPITA (2)								
LABOUR FORCE	13.66	24.06	30.02	34.58	37.77	38.27	42.04	43.29
UNEMPLOYED	334	497	641	585	599	610	767	790
INSTITUTIONAL TRAINEES ENROLLED								
-FULL-TIME	N/A	119,000	198,229	243,748	226,753	204,247	193,144	N/A
-PART-TIME	N/A	147,200	71,662	76,223	49,879	71,454	85,585	N/A
TOTAL INSTITUTIONAL ENROLLED	152,167	266,200	269,891	319,971	276,632	275,701	278,652	263,000
INDUSTRIAL TRAINEES ENROLLED								
TRAINING-IN-INDUSTRY	31,373	35,000	35,008	24,875	31,520	40,487	55,672	-
TRAINING-ON-THE-JOB	-	-	-	-	N/A	35,600	-	-
-JOB CREATION	-	-	-	-	N/A	981	8,589	-
-SKILL SHORTAGE	-	-	-	-	N/A	62	1,015	-
-DISADVANTAGED	-	-	-	-	-	-	-	-
SUB-TOTAL TRAINING-ON-THE-JOB	-	-	-	-	44,048	36,643	9,604	-
TOTAL INDUSTRIAL TRAINEES ENROLLED	31,373	35,000	35,008	24,875	75,568	77,130	45,074	72,000
TOTAL TRAINEES ENROLLED	183,540	301,200	304,899	344,846	352,200	352,831	323,726	335,000

(1) ESTIMATED

(2) NOT INCLUDING T-O-J COSTS FOR 1971-72 AND 1972-73

APPENDIX I

TABLE 3
INSTITUTIONAL TRAINING
CHARACTERISTICS OF TRAINEES ENROLLED
PERCENTAGE DISTRIBUTION - CANADA
1969-70 to 1973-74

CHARACTERISTIC		FISCAL YEAR				
		1969-70	1970-71	1971-72	1972-73	1973-74 (1)
SEX	Male Female	78.9% 21.1	78.3% 21.7	74.4% 25.6	70.3% 29.7	64.1% 35.9
AGE	19 years & under 20-24 years 25-44 years 45 years & over	7.6 34.6 47.2 10.6	6.0 33.6 48.4 12.0	9.0 33.8 46.2 11.0	11.1 33.1 44.1 11.7	12.3 34.5 42.6 10.7
MARITAL STATUS	Single Married Other	39.0 54.9 6.1	36.3 57.5 6.2	35.8 57.5 6.7	36.8 54.0 7.2	41.1 48.7 8.2
DEPENDENTS	No dependents One dependent Two dependent Three dependents Four + dependents	48.9 10.4 12.6 11.7 16.4	48.6 10.6 12.6 11.2 17.0	53.5 10.0 11.6 9.8 15.1	58.5 9.8 10.3 8.5 12.9	64.1 9.5 8.9 7.2 10.2
LABOUR FORCE STATUS	Employed Unemployed Not in Labour Force	33.7 51.4 14.9	30.4 54.2 15.4	37.1 55.7 7.2	37.2 55.5 7.3	36.0 54.2 9.8
EDUCATIONAL LEVEL	Years of Schooling: 1 - 7 8 9 -11 12 -13 14 +	23.0 17.0 47.4 10.8 1.8	23.1 16.7 47.3 11.1 1.8	22.7 14.9 42.6 15.5 4.3	19.4 15.1 47.5 16.5 2.5	17.0 13.0 45.7 18.5 5.5

(1) SOURCE: # 2006.

APPENDIX I

TABLE 4

BENEFIT-COST EVALUATION OF CMTP IN
CANADA, 1970-1973

(Dollar Figures are Averages per Graduate)

Benefits and Costs by Training Type	1970	1971	1972	1973
<u>B.T.S.D.</u>				
1. Total Benefits (\$)	3,167	5,115	5,611	9,126
2. Total Economic Costs (\$)	891	1,086	1,321	1,474
3. Benefit-Cost Ratio	3.6	4.7	4.2	6.2
<u>SKILL</u>				
1. Total Benefits (\$)	5,734	6,541	6,794	9,131
2. Total Economic Costs (\$)	1,176	1,315	1,400	1,638
3. Benefit-Cost Ratio	4.9	5.0	4.9	5.6
<u>LANGUAGE</u>				
1. Total Benefits (\$)	6,817	8,312	9,900	11,431
2. Total Economic Costs (\$)	1,071	1,125	1,312	1,466
3. Benefit-Cost Ratio	6.4	7.4	7.5	7.8

NOTE: This analysis includes full-time institutional trainees who completed the course. (approximately 80% of the total institutional trainee population).
 Excluded are: part-time trainees, agricultural trainees, apprenticeship trainees and course discontinuations.

APPENDIX I

TABLE 5
INDUSTRIAL TRAINING
COST & TRAINEE DISTRIBUTION BY INDUSTRY
1973-74

INDUSTRY	INDUSTRIAL TRAINING *	
	1973-74	
	COST**	TRAINEES
Agriculture	0.04%	0.04%
Forestry	7.05	5.01
Fishing & Hunting	0.04	0.12
Mining	5.09	4.25
Manufacturing	62.09	58.77
Construction	1.13	1.07
Transportation Communications & Utilities	7.54	6.67
Trade	6.19	6.27
Finance Insurance & Real Estate	1.30	0.73
Community Business & Personal Services	9.53	17.07
Public Administration & Defence Services	----	----
Others	----	----
TOTAL	11,628,141	33,670

* Excludes Training On-The-Job

** Percentage of total expenditures in Industrial Training (1973-74)

APPENDIX I

TABLE 6
TRAINEE CHARACTERISTICS - INDUSTRIAL TRAINING
PERCENTAGE DISTRIBUTION

TYPE OF TRAINEE	SEX															
	1970-71				1971-72				1972-73				1973-74			
	MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE	
Training-in-Industry Skill Shortages Disadvantaged Job Creation	72.0		28.0		72.2		27.8		69.7		30.3		71.8		29.2	
	-		-		-		-		-		-		67.9		32.1	
	-		-		-		-		-		-		83.0		17.0	
	-		-		-		-		72.7		27.3		73.0		27.0	
	-		-		-		-		-		-		-		-	
Training-in-Industry Skill Shortages Disadvantaged Job Creation	AGE															
	1970-71				1971-72				1972-73				1973-74			
	< 20	20-24	25-44	45 +	< 20	20-24	25-44	45 +	< 20	20-24	25-44	45 +	< 20	20-24	25-44	45 +
	7.1	26.7	50.6	15.6	7.1	26.7	50.6	15.6	16.0	27.3	41.7	15.0	21.1	27.3	39.0	12.6
	-	-	-	-	-	-	-	-	-	-	-	-	34.6	33.9	26.1	5.4
Training-in-Industry Skill Shortages Disadvantaged Job Creation	-	-	-	-	-	-	-	-	-	-	-	-	21.6	28.3	38.3	11.8
	-	-	-	-	23.8	39.8	30.2	6.2	32.3	35.4	26.9	5.4	32.2	35.5	27.0	5.3
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Training-in-Industry Skill Shortages Disadvantaged Job Creation	EDUCATION															
	1970-71				1971-72				1972-73				1973-74			
	1-7	8	9-11	12-13	14 +	1-7	8	9-11	12-13	14 +	1-7	8	9-11	12-13	14 +	15 +
	11.7	12.0	43.0	23.5	9.7	5.8	50.7	28.8	14.7	14.7	15.0	46.6	23.7	0.0	N/A	N/A
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Training-in-Industry Skill Shortages Disadvantaged Job Creation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	11.2	56.7	24.3	7.8	6.7	6.4	46.7	40.2	0.0	N/A	N/A
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX I

TABLE 7LABOUR FORCE STATUS OF INDUSTRIAL TRAINEESAFTER TRAINING 1973

	ALL TRAINEES (SKILL) 1973
1) EMPLOYED	79%
a) Training Employer	48%
b) Other Employer	31%
2) UNEMPLOYED	14%
3) NOT IN THE LABOUR FORCE	7%

APPENDIX I

TABLE 8

AVERAGE WEEKLY WAGES OF MALES AND FEMALES

BEFORE AND AFTER TRAINING*

INDUSTRIAL TRAINING 1973

Sex	Average Weekly Wages		
	Before Training	After Training	Per Cent Change
	\$	\$	%
Males	114	152	+33%
Females	71	102	+44%
TOTAL	103	139	+35%

* In 1973 about 90% of the trainees had started training by the end of March and almost 80% had completed training by the end of August. The follow-up survey was conducted in June 1974.

Note - Over roughly the same period of time average weekly wages in Canada (Industrial Composite) has increased by 16%, that is from \$153 a week in December 1972 to \$176 in June 1974.

APPENDIX I

TABLE 9

TRAINING FOR THE DISADVANTAGED*
AS A PROPORTION OF TOTAL CMTF TRAINING

APRIL to DECEMBER 1974

	CMTF			Training for Disadvantaged*	% of disadvantaged in comparison with total CMTF
	Institutional	Industrial	Total		
Cost	\$216,000,000	\$20,000,000	\$236,000,000	\$49,000,000	20%
Trainees	159,000	50,000	209,000	39,370	19%

* Disadvantaged includes:

- BTSD (Basic Training for Skill Development) Grades 1 to 7
- BJRT (Basic Job Readiness Training)
- WAT (Work Adjustment Training)
- CMITP Special Needs (Industrial Training)
- Skill, Language, Apprentice Training (for trainees having less than Grade 8 schooling)

APPENDIX I

CHART 1

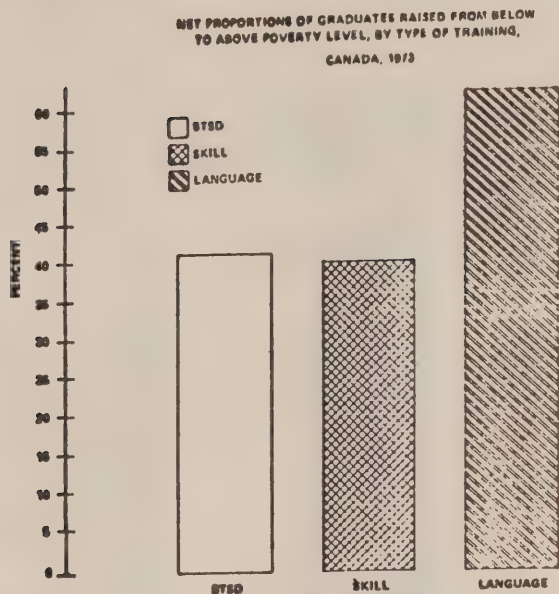
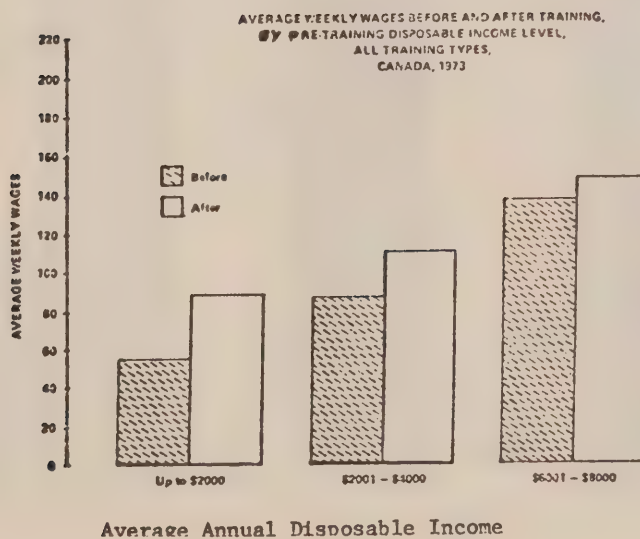


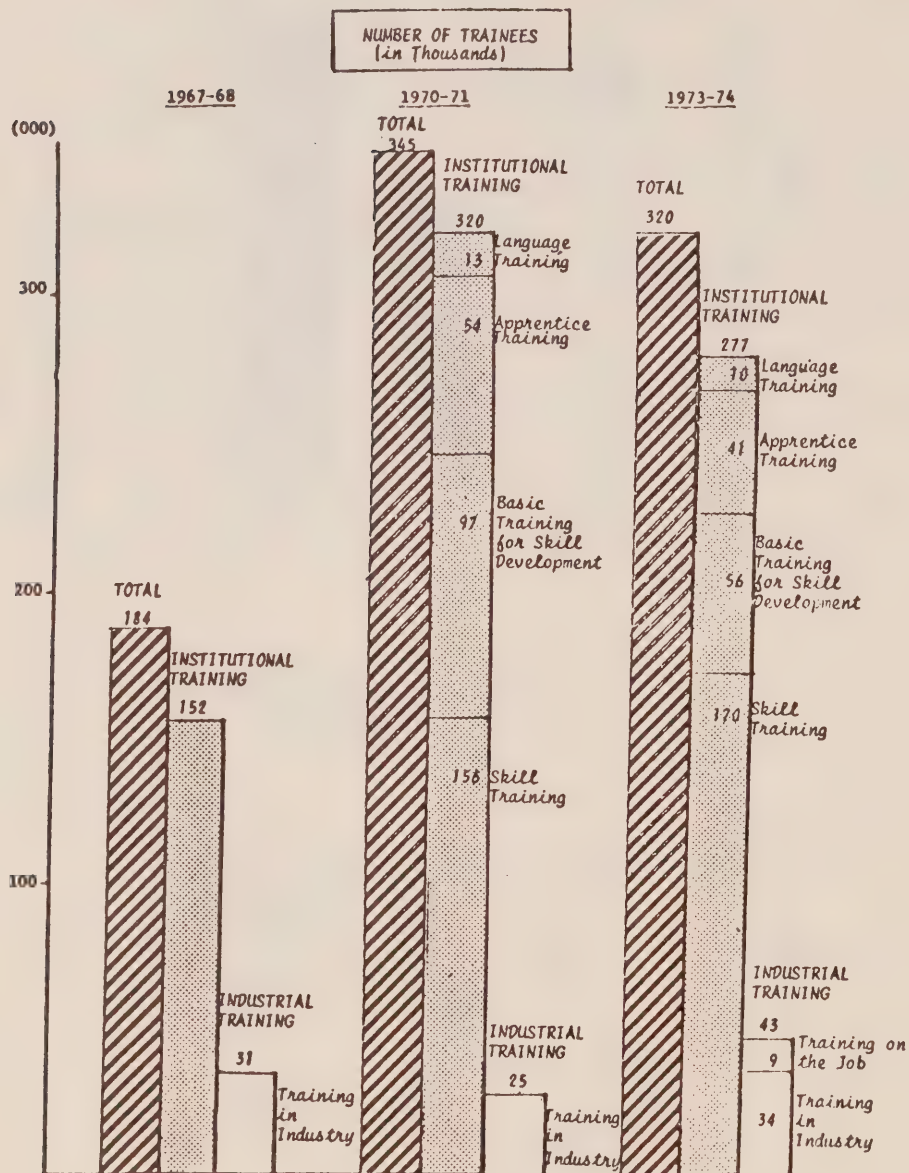
CHART 2



APPENDIX I

CHART 3

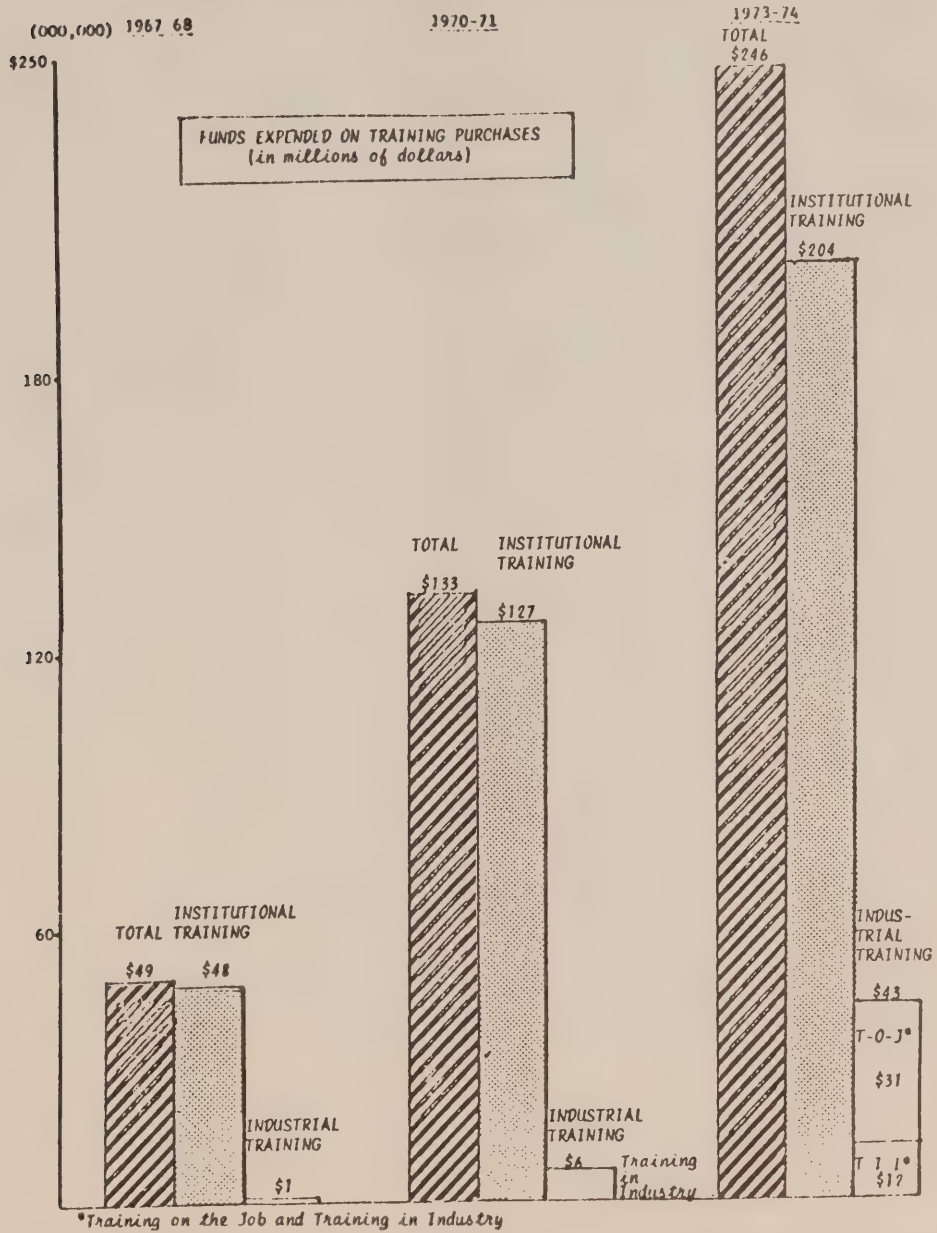
INSTITUTIONAL AND INDUSTRIAL TRAINING GROWTH PATTERNS



APPENDIX I

CHART 4

INSTITUTIONAL AND INDUSTRIAL TRAINING GROWTH PATTERNS



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FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

Issue No. 10

WEDNESDAY, MARCH 19, 1975

Second Proceedings on
Supplementary Estimates "D" laid before Parliament
for the fiscal year ending March 31, 1975

REPORT OF THE COMMITTEE

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy
Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of Proceedings of the Senate of Tuesday, March 4th, 1975:

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Fournier (*de Lanaudière*):

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (D) laid before Parliament for the fiscal year ending the 31st March, 1975.

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

MEMORANDUM FOR THE DIRECTOR OF COMMITTEES:

SUBJECT: Motion to empower the Standing Senate Committee on National Finance to sit while the Senate is sitting.

EXTRACT: From the Minutes of the Proceedings of the Senate of Canada, Thursday, 20th March, 1975, page 262.

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Perrault, P.C.:

That the Standing Senate Committee on National Finance have power to sit while the Senate is sitting this afternoon and that Rule 76(4) be suspended in relation thereto.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Alcide Paquette,
Clerk Assistant.

Minutes of Proceedings

Wednesday, March 19, 1975

(10) . . . (2)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m. to consider the Supplementary Estimates "D" laid before Parliament for the fiscal year ending March 31, 1975.

Present: The Honourable Senators Everett (Chairman), Benidickson, Carter, Desruisseaux, Graham, Grosart, Langlois, Manning, Neiman, Prowse, Sparrow and Yuzyk. (12)

In attendance: Mr. J. H. M. Cocks, Director of Research and Administration, Mrs. Barbara Reynolds, Research Branch, Library of Parliament; and Mrs. Helen Small, Parliamentary Center.

Resumed its examination of the Supplementary Estimates "D" laid before Parliament for the fiscal year ending March 31, 1975.

The following witnesses were heard:

The Honourable D. S. MacDonald
Minister of Energy, Mines and Resources

Mr. J. Buchholz
Chief Research Division, Department of Energy,
Mines and Resources

Dr. D. S. Montgomery
Head Energy Program, Department of Energy, Mines
and Resources

Mr. James Lyon
Legal Advisor to Department of Energy, Mines and
Resources (Department of Justice)

Mr. Nicholas Ediger
President of Eldorado Nuclear Limited

Mr. Myles Foster
Department of Finance

Mr. David Scrim
Department of Energy, Mines and Resources

Dr. Charles Smith
Assistant Deputy Minister (Science and Technology),
Department of Energy, Mines and Resources

At 12:20 p. m. the Committee adjourned to the call of the Chairman.

On Thursday, the 20th of March, 1975 the Committee resumed its examination of Supplementary Estimates "D" laid before Parliament for the fiscal year ending March 31,

1975 at 12:50 p.m. and *in camera*. The Committee adjourned at 1:15 p.m.

At 3:00 p.m. the same day, having received authorization to sit during the normal sitting hours of the Senate the Committee sat *in camera*.

Present: The Honourable Senators Everett (Chairman), Benidickson, Carter, Flynn, Graham, Grosart, Langlois, Neiman, Sparrow and Yuzyk. (10)

Present but not of the Committee: The Honourable Senators Petten, Bourget, van Roggen.

On motion of the Honourable Senator Langlois, it was agreed to report on the said Supplementary Estimates "D".

At 4:45 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Georges A. Coderre,
Clerk of the Committee.

Report of the Committee

Thursday, March 20, 1975.

The Standing Senate Committee on National Finance, to which the Supplementary Estimates (D) laid before Parliament for the fiscal year ending March 31, 1975 were referred, has in obedience to the order of reference of Thursday, March 4, 1975, examined the said Estimates and reports as follows:

1. In obedience to the foregoing, the Committee made a general examination of the Supplementary Estimates (D) and heard evidence from the Honourable J. Chrétien, President of the Treasury Board, and from the Program Branch of Treasury Board, Mr. B. A. MacDonald, Deputy Secretary, and Mr. R. L. Richardson, Assistant Secretary. Also the Honourable D. S. Macdonald, Minister of Energy, Mines and Resources, along with a number of his officials, appeared before the Committee to give evidence on government resource policy as reflected in these Estimates.

2. The Supplementary Estimates (D) total \$1,917 million and bring the total Estimates tabled for the fiscal year ending March 31, 1975 to \$28,233 million. It is noted that the Supplementary Estimates (A), (B), (C) and (D) total \$4,936 million increasing the original Main Estimates from \$23,297 million which in percentage terms is an increase of 21 per cent. This increase in the size of Supplementary Estimates in relation to the original Main Estimates, which has been a matter of concern to your Committee because of its growth over the past few years, is approximately double the increase which took place in the fiscal year 1973-74.

3. Some of the largest items in the Supplementary Estimates in which your Committee showed particular interest are as follows:

- a) payment to the Old Age Security Fund to make up the deficiency in the Fund—\$700 million;
- b) payments in the 1974-75 and 1975-76 fiscal years in respect of Canada's financial participation in the development and exploitation of the Athabaska Tar Sands—\$138 million;
- c) operating and capital expenditures in the various transportation programs of the Department of Transport—\$193 million;
- d) payment to the Canadian National Railway Company for the deficit arising in the operations of the Canadian National Railways System in the calendar year 1974—\$45 million;
- e) loans to Canadair Limited as approved by the Governor in Council, one without interest in connection with the Option Agreement to acquire the equity and notes of Canadair Limited for \$3.3 million, and

one for the financing of water bombing aircraft for \$26 million—total \$29.3 million;

- f) to increase from \$40 million to \$75 million the amount that may be outstanding at any time under the Supply Revolving Fund of the Department of Supply and Services—\$35 million; and
- g) operating expenditures and grants for welfare services and for pensions in the Department of Veterans Affairs—\$20 million.

4. The Treasury Board has supplied your Committee with a list explaining the \$1 items in the Supplementary Estimates (D) which is attached as Appendix A to this report, as well as a document containing an explanation of various other items which is attached as Appendix B.

5. Your Committee is of the opinion that it would be useful to have included in Supplementary Estimates a table which would show a breakdown of expenditures into operating, capital and grants and contributions as is done in the Main Estimates. The President of the Treasury Board assured the Committee that this would be done in respect of the next Supplementary Estimates.

6. Your Committee also asked that it be provided with a list of items in these Supplementary Estimates where the Government may expect all or part of monies loaned or invested to be recovered and was told that this information could be provided.

7. The Minister of Energy, Mines and Resources tabled three documents with your Committee which dealt with the following subjects:

- a) the option and the deficiency agreement between the Federal Government and Inter-Provincial Pipe Line Limited in connection with the Montreal extension of the Inter-Provincial Pipe Line System;
- b) a statement by the Honourable D. S. MacDonald regarding the Syncrude Project; and
- c) copies of studies relative to an evaluation of the Syncrude Project.

8. These papers generated questions to which the Minister and his officials responded to the satisfaction of the members of your Committee.

9. One area that concerns your Committee is the making of deficiency payments to the Inter-Provincial Pipe Line Limited in connection with the construction and operation of the Montreal extension as it is understood that there is to be no monitoring of the pipeline's construction. The Minister assured your Committee that the audit process, before payment is made, would apply the necessary safeguards to ensure that the pipeline would be constructed economically.

Respectfully submitted.

D. D. Everett,
Chairman.

EXPLANATION OF ONE DOLLAR ITEMS
IN
SUPPLEMENTARY ESTIMATES (D), 1974-75
SUMMARY

The one dollar items included in these Estimates have been grouped in the attached schedules according to purpose.

- A. One Dollar items authorizing transfers from one vote to another—21 items.
- B. One Dollar items for grants—10 items.
- C. One Dollar items authorizing the deletion of debts due the Crown and the reimbursement of certain working Capital Advance Accounts—7 items.
- D. One Dollar items which authorize amendments to previous appropriation acts—3 items.
- E. Miscellaneous—to authorize a guarantee, to increase the financial limits in other legislation, and to extend the interpretation of certain legislation—6 items.

March 3, 1975

Estimates Division

SCHEDULE A

ONE DOLLAR ITEMS AUTHORIZING TRANSFERS
FROM

ONE VOTE TO ANOTHER—21 items

AGRICULTURE

Vote 5d—Amount of transfer to this Vote \$189,299.

Explanation—This additional amount is required to cover price increases for livestock feeds, fuel oil, electricity, etc.

Vote 20d—Amount of transfer to this Vote \$346,118.

Explanation—The additional funds will be required to provide for the following:

- (1) To provide for contributions of \$96,119 to the Province of Quebec to cover a portion of the administrative expenses and premiums paid under an Experimental Crop Insurance Program during the period April 1, 1973 to March 31, 1974.
- (2) To provide \$250,000 for the federal share of payments to producers in accordance with an agreement with the Province of Manitoba for the purchase and transportation of hay required as a result of crop losses due to adverse weather.

Source of Funds—Vote 1—(\$535,417)—Administration expenditures for the Small Farm Development—Adjustment activity will be less than originally forecast.

CONSUMER AND CORPORATE AFFAIRS

Vote 1d—Amount of the transfer to this Vote \$706,999.

Explanation—The additional funds will be allocated as follows:

- (1) To cover the cost of furnishings and equipment for the departmental headquarters at Place du Port-

age, Hull, and also price increases for certain contracts awarded. The delivery of these furnishings and equipment was delayed resulting in a carry-over of the account to the current fiscal year. (\$164,000)

(2) To provide for the cost of projects contracted out by the Policy Analysis Division. Due to difficulties in recruiting economic and policy analysis staff, work was commissioned to start required studies and a small research program. (\$100,000)

(3) To establish the Office of the Assistant Deputy Registrar General to administer the Conflict of Interest Guidelines. (\$193,000)

(4) To cover the cost of the transfer of the Registration Division from the Corporate Affairs Program (\$50,000)

(5) To supplement the cost of a general advertising campaign involving T.V., radio and newspaper, to inform the public of services and programs provided by the Department (\$200,000)

Source of Funds—Vote 5—(\$656,999)—Funds are available due to a late start in the expansion of the Consumer Fraud and Consumer Consulting activities and difficulties in staff recruitment.

—Vote 10—(\$50,000)—Funds are available due to transfer of the Registration Division from the Corporate Affairs Program.

Vote 15d—Amount of transfer to this Vote \$239,999.

Explanation—The additional funds are required to cover a carry-over of legal accounts and to cover fees and expenses incurred in the prosecution of sugar refineries under the Combines Investigation Act.

Source of Funds—Vote 5—Funds are available due to a late start in the expansion of the Consumer Fraud and Consumer Consulting activities and difficulties in staff recruitment.

ENERGY, MINES AND RESOURCES

Vote 1d—Amount of transfer to this Vote \$147,999.

Explanation—These additional funds are required to meet increased costs of Department of Supply and Services services, regular stocked items and freight charges, costs relating to the purchase of equipment and material, and printing charges.

Vote 15d—Amount of transfer to this Vote \$627,999.

Explanation—These additional funds will be required as follows:

1. To cover the increase in aircraft operating costs and additional summer students hired under the airborne survey program. (\$277,000)
2. To provide for the substantial increase in cost of lithographic materials. (\$154,000)
3. To meet the cost of additional staff required to carry out special Terrain Analysis studies. (\$103,000)
4. To meet increased costs for service charges for services provided by Department of Supply and Services, commissionaire salaries, etc. (\$94,000)

Source of Funds—Vote 5—(\$775,998)—Funds are available within the program due to delays in the recruitment of qualified staff.

ENVIRONMENT

Vote 1d—Amount of transfer to this Vote \$82,999.

Explanation—The additional funds are required to provide for increases in Department of Supply and Services service charges (\$50,000), Department of National Health and Welfare nursing services (\$8,000) and Commissionaire Contract increases (\$25,000).

Vote 5d—Amount of transfer to this Vote \$1,958,444.

Explanation—The additional amounts will be used as follows:

(1) To provide \$1,159,445 for a deficit in salary funds arising from the requirement to hire Wardens and Guardians in the Fisheries Protection and Conservation Activity.

(2) To provide \$400,000 to cover the deficit for the operation of the Newfoundland Bait Service.

(3) To provide \$188,000 for the additional contributions required to meet Canada's share of increased costs of operations incurred by international fisheries commissions.

(4) To provide \$210,999 for increases in service charges announced by the Department of Supply and Services.

Vote 20d—Amount of transfer to this Vote \$856,763.

Explanation—Additional funds are required to meet unforeseen increased costs in the operation of weather forecasting and weather reporting services.

Vote 30d—Amount of transfer to this Vote \$659,999. In addition, authority, is requested for the payment of a grant of \$1,000.

Explanation—Additional funds are required to cover the increased Federal share of losses by farmers for crops eaten by migrating waterfowl. The Main Estimates for the current year includes contributions to the Prairie provinces of \$490,000 for this program. The increase is due to the late harvesting of cereal crops consequent upon the late spring and the crops being available to the migrating birds for a longer period.

It is proposed to provide a grant of \$1,000 to assist with the cost of a national symposium on the problems and opportunities generated by wildlife in urban areas.

Source of Funds:

Votes Transferred	Votes Transferred from	
To	Vote 10	Vote 25
Vote 1d	\$ 82,999	
Vote 5d	1,958,444	
Vote 20d		\$ 856,763
Vote 30d		659,999
	\$2,041,443	\$1,156,762

Vote 10—Funds are available due to delays in certain major capital projects.

Vote 25—Expenditures for various major capital projects within this program will be less than originally forecast.

JUSTICE

Vote 15d—Amount of transfer to this Vote \$114,999.

Explanation—These additional funds are required to cover printing costs of reports and informational material, salaries and other operating expenditures.

Vote 25d—Amount of transfer to this Vote \$288,999.

Explanation—Additional Funds are requested to cover the increased printing costs resulting from greater demands for Commission publications and the publishing of papers and studies which have been completed ahead of schedule.

Source of Funds—Vote 10—(\$303,998)—Payments to the provinces to assist in the operation of legal aid systems will be less than was originally forecast.

NATIONAL HEALTH AND WELFARE

Vote 25d—Amount of transfer to this Vote of \$499,999.

Explanation—Additional funds are requested to cover increased costs for goods and services including medical evacuations, drugs and good.

Source of Funds—Vote 45—Funds are available because of delays in project implementation and slow billings under the Guaranteed Income Experimental project.

PRIVY COUNCIL—CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT

Vote 5d—Amount of transfer to this Vote \$399,999.

Explanation—During 1974-75 there was a substantial increase in the demand for administrative support services which are provided by the Secretariat to various intergovernmental meetings. Additional funds are required to meet the cost of these services.

Source of Funds—Vote 1—Grants to the Institute for Research on Public Policy will be less than original forecast.

PUBLIC WORKS

Vote 1d—Amount of transfer to this Vote \$795,999.

Explanation—These additional amounts will be used as follows:

(1) To provide \$180,000 for the costs of a Commission to review the present and future needs relative to the amount and type of accommodation and facilities that Parliament requires to operate.

(2) To provide \$616,000 to cover higher costs in the Administration Program to support the operational programs of the Department.

Vote 5d—Amount of the transfer to this Vote of \$279,999.

Explanation—To meet the cost of the development and maintenance of the Government of Canada Master Specifications system for government departments.

Vote 25d—Amount of transfer to this Vote \$485,999.

Explanation—It is proposed to carry out remedial work (shore protection) on the St. Lawrence River at Ste. Anne de Sorel, Matane and Champlain.

Source of Funds—

Votes Transferred To	Votes Transferred From		
	Vote 10	Vote 15	Vote 35
Vote 1d	\$179,999	\$339,000	\$277,000
Vote 5d	279,999		
Vote 25d		485,999	
	\$459,998	\$824,999	\$277,000

Vote 10—Funds are available due to the receipt of higher than forecast revenues in the Accommodation Program.

Vote 15—Funds are available due to delays in starting a number of capital projects.

Vote 35—Funds are available in the Transportation and Other Engineering Services Program because greater use was made of central support services in the Department Administration and the Professional and Technical Services Programs.

REGIONAL ECONOMIC EXPANSION—CAPE BRETON DEVELOPMENT CORPORATION

Vote 30d—Amount of transfer to this Vote \$12,099,999.

Explanation—Funds are required to cover operating losses in the Coal Division of the Cape Breton Development Corporation due to an increase in operating costs and a reduction in coal production in relation to forecast levels.

Source of Funds—Vote 10—Contributions under this program will be less than originally forecast.

SECRETARY OF STATE—COMPANY OF YOUNG CANADIANS

Vote 60d—Amount of transfer of this Vote \$549,999.

Explanation—The Company of Young Canadians in preparing its current budget did not provide for the Cost-of-Living increase nor for an increase in the number of volunteers. It is proposed to provide for these increased costs through a transfer of funds from the Arts and Culture Program of the Department.

Source of Funds—Vote 15—Due to delays in the Massey Hall project the total amount of the grant for this purpose will not be required.

TRANSPORT

Vote 45d—Amount of transfer to this Vote \$310,748.

Explanation—It is proposed to provide contributions to the Algoma Central Railway and the Toronto, Hamilton and Buffalo Railway Company as compensation to these two railway companies for freight rate increases foregone in 1973. These companies applied too late for payment to be made out of 1973-74 funds.

Source of Funds—Vote 40—Funds are available due to delays in initiating several ferry service projects and in the site selection for the Motor Vehicle Test Centre.

Vote 55d—Amount of transfer to this Vote \$1,531,999.

Explanation—The additional funds are required for the operating deficit and related expenses incurred by the STOL Demonstration Service.

Source of Funds—Vote 1—Funds are available due to delays in the design and construction of the Transport Training Institute.

SCHEDULE B

ONE DOLLAR ITEMS FOR GRANTS—10 items.

CONSUMER AND CORPORATE AFFAIRS

Vote 5d—To authorize grants totalling \$225,000.

Explanation—It is proposed to provide assistance to consumer associations to enable them to provide a consumer advocacy role before federal regulatory and administrative tribunals.

Source of Funds—Vote 5—Anticipated expenditures will be less than originally forecast since some of the funds originally allotted to the Consumer Help Office Project will not be required.

Vote 25d—To authorize a grant of \$15,000.

Explanation—An additional grant is required for the World Intellectual Property Organization due to fluctuating foreign exchange rates. A grant has already been provided of \$75,000 to this Organization.

Source of Funds—Vote 25—Printing costs under this program will be less than originally forecast.

EXTERNAL AFFAIRS

Vote 10d—To authorize a grant of \$50,000.

Explanation—As a result of increased costs for goods, services and utilities for La Maison canadienne of Paris will require a grant to meet its operating and maintenance deficit.

Source of Funds—Vote 10—A portion of the grant of \$268,000 to the St. Malo Cathedral will not be required in the current year.

JUSTICE

Vote 10d—To authorize a grant of \$500.

Explanation—It is proposed to provide an additional grant of \$500 to l'Institut international de droit d'expression française. The Main Estimates for the current fiscal year provided a grant of \$1,500 to l'Institut; the additional amount is required to cover the cost of the annual review to be published by l'Institut.

Source of Funds—Vote 10—Payments to the provinces for the operation of legal aid systems will be less than was originally forecast.

LABOUR

Vote 1d—To authorize grants totalling \$50,000.

Explanation—It is proposed to provide additional grants of \$10,000 and \$40,000 respectively to assist workers under the Transitional Assistance Benefits and Adjustment Assistance Benefits Programs. These additional grants will be used to meet increased demands for assistance due to a high level of unemployment. The original Estimates for the current year provided a sum of \$50,000 for Transitional

Assistance Benefits and \$375,000 for Adjustment Assistance Benefits.

Source of funds—Vote 1—Forecast expenditures for administration will be less than originally expected.

NATIONAL HEALTH AND WELFARE

Vote 45d—To authorize grants totalling \$15,000.

Explanation—It is proposed to provide family assistance grants to children of immigrants and settlers on a retroactive basis. The new Family Allowance Act provide assistance to these children from January 1974. Some applications have been received for benefits prior to that date and authority is now being sought to make these payments.

Source of Funds—Vote 45—Funds are available because of delays in project implementation and slow billings under the Guaranteed Income Experimental project.

SECRETARY OF STATE

Vote 15d—To authorize grants totalling \$285,000.

Explanation—The additional funds will be used for the following purposes:

(1) to provide a further sustaining grant of \$125,000 to the Fathers of Confederation Building Trust, Charlottetown, P.E.I. The original Estimates for the current fiscal year provided a grant of \$500,000 for this purpose.

(2) To provide a grant of \$160,000 to the Canadian Publishers Project Coordinating Committee for the purpose of assisting in the promotion and distribution of Canadian books.

Source of Funds—Vote 15—Forecast requirements for the Cultural Statistics Program will be less than was originally expected.

Vote 20d—To authorize a grant of \$150,000.

Explanation—It is proposed to make a grant to support the work of the Canadian Studies Foundation. This grant is to be matched by an equal grant from the Canadian Council of Education Ministers. It will be used to develop curriculum material for the teaching of Canadian studies for use in elementary and secondary schools.

Source of Funds—Vote 20—Funds are available due to delays in the recruitment of qualified staff for Policy Analysis Division and from research grants which will not be required in the current year.

Vote 35d—To authorize grants totalling \$481,000 as well as a transfer of \$480,999 to this Vote.

Explanation—The additional funds will be used for the following purposes:

(1) To increase the grants allocated for the International Women's Year Program in order to assist organizations with the financing of projects or cultural events. (\$415,000)

(2) To increase the grants to the Institut canadien pour l'Éducation des adultes and the Canadian Association of Adult Education to \$75,000 and \$50,000 respectively in support of their activities for the promotion of adult education and citizenship. (\$66,000)

Source of Funds—Vote 30—Funds were originally provided for the International Women's Year Program under the Operating Vote. It is now proposed to provide this assistance in the form of grants. In addition, a further \$66,000 is also available due to under-expenditures for professional and special services.

SECRETARY OF STATE—NATIONAL MUSEUMS OF CANADA

Vote 90d—To authorize a grant of \$4,000,000.

Explanation—It is proposed to provide a grant to the Art Gallery of Ontario to assist in the construction of the next stage of their building program so as to enhance the education and information services to the public.

Source of Funds—Vote 90—Funds will be available under the National Museums Policy Contribution Program because payments formerly paid in advance are now made on a progress basis.

SCHEDULE C

ONE DOLLAR ITEMS AUTHORIZING THE DELETION OF DEBTS DUE THE CROWN AND THE REIMBURSEMENT OF CERTAIN WORKING CAPITAL ADVANCE ACCOUNTS —7 items.

PUBLIC WORKS

Vote 20b—Authority is requested for the deletion of certain debts totalling \$8,982.41 and for the transfer to this vote of \$349,999.

Explanation—Additional funds are required for the repair of a ferry terminal wharf at Tadoussac, P.Q.

It is proposed to write-off debts incurred by a ship-building company which has gone into receivership without sufficient resources to meet its outstanding debt. These services were provided in 1970 and the write-off of this debt has been approved by the Interdepartmental Committee on Uncollectable Debts.

Source of Funds—Vote 15—Funds are available due to delays in the commencement of a number of projects.

REGIONAL ECONOMIC EXPANSION

Vote 1d—To authorize the reimbursement of the Prairie Farm Rehabilitation Stores Working Capital Advance Account in the amount of \$10,342.

Explanation—Authority is requested to reimburse the Working Capital Advance Account for the value of stores which have been declared obsolete and transferred to the Crown Assets Disposal Corporation for disposal.

SOLICITOR GENERAL

Vote 5d—To authorize the reimbursement of certain Working Capital Advance Accounts for the value of stores which have become obsolete, unserviceable, lost or destroyed.

Explanation—It is proposed to reimburse the Industrial and Stores Working Capital Advance Account in the

amount of \$1,023.12 for the value of stores lost by fire or declared as obsolete to the Crown Assets Disposal Corporation.

It is also proposed to provide a reimbursement of \$13,787.11 to the Operational Stores Working Capital Advance Account to cover the value of stores declared as obsolete to the Crown Assets Disposal Corporation, lost by fire or otherwise certified by Departmental Boards of Enquiry as being unseizable, lost or destroyed.

SOLICITOR GENERAL—ROYAL CANADIAN MOUNTED POLICE

Vote 20d—To extend the purposes of this vote so as to reimburse the Royal Canadian Mounted Police Clothing and Kit Working Capital Advance Account in the amount of \$4,488.

Explanation—It is proposed to reimburse the Clothing and Kit Working Capital Advance Account for the value of unilingual shoulder badges which have become obsolete.

VETERANS AFFAIRS

Vote 5d—Authority is requested to delete debts totalling \$78,294.91.

Explanation—The Interdepartmental Committee on Uncollectable Debts has recommended the deletion of these debts classified as uncollectable. The debts arose mostly from overpayments resulting from undeclared income or the failure to advise of changed marital status. Of the twelve cases involved, two debtors have died with no known estate and the balance are indigent.

Vote 30d—Authority is requested to delete debts totalling \$65,309.32.

Explanation—It is proposed to delete debts which are considered to be uncollectable for some eight pension recipients. Of these cases, three of the debtors died with no known estate, two are indigent, one case is classified as a liability not admitted and successful collection proceedings are unlikely and the balance are cases where the existence of an enforceable debt cannot be readily established. These debts have been reviewed by the Interdepartmental Committee on Uncollectable debts and certified as being uncollectable by the Canadian Pension Commission. The debts have resulted mostly through overpayments resulting from undeclared income or the failure to advise of changes in marital status.

Vote 45d—Authority is requested to delete debts totalling \$61,192.33.

Explanation—It is proposed to write-off the uncollectable portion of a debt for a veteran confined to mental hospitals from the time of his discharge from the Army in 1919 until his death in 1973. The Department has recovered wherever possible and it is now proposing with the approval of the Interdepartmental Committee on Uncollectable Debts to write-off the balance. The veteran was not eligible for treatment because the condition pre-existed his enlistment.

SCHEDULE D

ONE DOLLAR ITEMS WHICH AUTHORIZE AMENDMENTS

TO PREVIOUS APPROPRIATION ACTS—3 items.

AGRICULTURE

Vote L26d—To extend the authority of the Racetrack Supervision Revolving Fund.

Explanation—It is proposed to extend the activities within the Revolving Fund to include the carrying out of chemical research relating to the use of drugs on horses and for the development of improved techniques for race surveillance.

INDUSTRY, TRADE AND COMMERCE

Vote 1d—To extend the vote wording so as to insure loans by private lenders to Canadian manufacturers until January 1, 1979 and to transfer an amount of \$299,999 to this vote.

Explanation—It is proposed to extend the authority under the General Adjustment Assistance Program from January 1, 1976 to January 1, 1979, to insure loans by private lenders to Canadian manufacturers. These loans provide for the restructuring and modernization of facilities.

In addition, a transfer of funds is requested to help meet the legal, accounting and appraisal fees incurred in negotiating the option agreements with Canadair and de Havilland of Canada. These expenditures were not anticipated when the Main Estimates were prepared.

Source of Funds—*Vote 35*—Funds are available due to delays in certain transportation studies.

MANPOWER AND IMMIGRATION

Vote 10d—To extend the time limit for capital expenditures on Occupational Training facilities from 1975-76 to 1980-81 inclusive.

Explanation—It is proposed to extend the Capital Assistance Phase-Out Program for a further five years. This extension will permit the provinces and territories to account for funds provided to them under the program for the phase-out of federal payments following the termination in 1967 of the Technical and Vocational Training Act.

SCHEDULE E

MISCELLANEOUS—to authorize a guarantee, to increase the financial limits in other legislation, and to extend the interpretation of certain legislation—6 items.

ENERGY, MINES AND RESOURCES

Vote 5d—To authorize the entering into of an agreement with the Interprovincial Pipe Line Limited.

Explanation—Authority is requested to enter into a Deficiency Payments Agreement with Interprovincial Pipe Line Limited related to the construction and operation of the Montreal extension of the Interprovincial Pipe Line system and to ensure that any tolls or tariffs allowed or prescribed by the National Energy Board in respect to this agreement shall be deemed not to make, contain or result in unjust discrimination within the meaning of the National Energy Board Act.

FINANCE

Vote 1d—To amend the Canada Student Loan Act and to authorize the deletion of debts totalling \$75,087.18.

Explanation—It is proposed to seek authority for the following purposes:

(1) To increase the annual loan limit under the Canada Student Loans Act from \$1,400 to \$1,800 (from \$700 to \$900 for a semester). This increase is recommended in order to provide more aid to needy students to help cover increased educational costs. The current overall borrowing limit of \$9,800 is not being changed.

(2) To increase the basic loan provision so as to provide adequate funds to cover the increased borrowing which will follow the loan limit change. Under the current formula the basic loan provision plus the Supplementary Loan Provision for 1975-76 is estimated at \$143,000,000, whereas, projections on the new loan limits indicate requirements of up to \$175,000,000. The Estimates assume no change in current provincial practice respecting the loan to grant "mix" of provincial student aid plans.

(3) To delete eight debts totalling \$75,087.18 which have been approved as uncollectable by the Standing Interdepartmental Committee on Uncollectable Debts. Three of these relate to Farm Improvement Loans and five to Small Business Loans.

Vote 17d—Authority is requested to provide for the transfer of certain Canada Savings Bonds between a trust government by a Registered Retirement Savings Plan, a Pension Fund or Plan or a Profit-Sharing Plan and a Beneficiary thereof, and for the registration of the bond in the name of the Trust.

Explanation—Provision does not exist for the transfer of Canada Savings Bonds to a Trustee of a Registered Retirement Savings Plan, Profit Sharing Plan or Pension Fund Plan. On February 7, 1975 the Minister of Finance announced that this restriction would be eliminated from those issues now outstanding and that any such bonds purported to have been paid at any time by a taxpayer as a premium under a Registered Retirement Savings Plan shall be deemed to have been acquired as a qualified investment by the Trust. This proposed vote wording will provide for the implementation of this announcement.

Vote L18d—Authority is requested through this vote wording to clarify the meaning of the term "United States dollars" as it applies under section 5 of the Bretton Woods Agreements Act and under Finance Vote L37d, Appropriation Act No. 1, 1970.

Explanation—Under the Articles of Agreement of the International Monetary Fund, Canada's quota is stipulated in terms of Special Drawing Rights Units of Account. Until 1971, one Special Drawing Rights Unit was equal in value to one United States dollar. As a result of the formal devaluations of the United States dollar, this identity was lost and the value of the Special Drawing Rights Unit in terms of United States dollars was increased, requiring Canada to make "maintenance of value" playments to keep the Fund's holdings of Canadian dollars consistent with their value in Special Drawing Rights Unit.

This obligation was met in 1972 and again in 1973 through the use of special votes in Appropriation

Act. It is intended that the vote wording will clarify the technical definition of Canada's International Monetary Fund obligation so that further maintenance of value payments can be made when required.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Vote 30d—To extend the purpose of this Vote so as to amend the Canada Mining Regulations in respect of the number of mineral claims staked by an individual and to authorize the deletion of debts totalling \$76,802.14.

Explanation—Authority is requested to amend the Canada Mining Regulations or any lease thereof so as to ensure that any claim shall not be held to be invalid by reason only that there are in excess of 36 mineral claims located within an area shown on a mineral claim staking sheet in a licence year by a person or someone on his behalf.

In addition, authority is requested for the deletion from the Accounts of Canada of the Crown's claim against a mining company which is now defunct. The debt amounting to \$76,802.14 has been approved by the Interdepartmental Committee on Uncollectable Debts.

NATIONAL DEFENCE

Vote 1d—To authorize an extension to the present Vote wording and to authorize the transfer of \$6,999,999 to this Vote.

Explanation—Authority is requested to extend the National Defence Act so as to provide for the inclusion of girls under the Cadet Training Program for 1975 and thereafter and to provide them with the same allowances as boys.

In addition authority is requested to transfer \$6,999,999 to cover increased operating expenditures to the Defence program.

Source of Funds—Vote 5—Capital expenditures will be less than originally forecast due to the deferral of certain projects and delays in others.

ENERGY, MINES AND RESOURCES—VOTE 47d

Eldorado Nuclear Limited

Pages 22 and 23—Supplementary Estimates (D) 1974-75

In January, 1974 a \$15 million five-year exploration program for Eldorado Nuclear Limited was announced. The program would be financed by the Federal Government, and this exploration for uranium ore would assist in establishing and maintaining adequate Canadian uranium reserves which could be economically exploited under current and projected technology and market conditions. The \$1.7 million covered by this Vote represents the financing for the first year of the exploration program.

ENVIRONMENT—VOTE 15d

Fisheries and Marine Program

Pages 26 and 27—Supplementary Estimates (D) 1974-75

This Vote provides for two items:

(1) Grants of \$4 million to Canadian producers of frozen and canned groundfish, crab meat and lobster meat.

(2) Contributions of \$4 million to Canadian producers of groundfish products in order to maintain fishing operations during the months of January, February and March.

The grants are to finance the extension of the cold storage assistance and inventory financing aspect of the groundfish price stabilization program from October 31, 1974 to March 31, 1975. This program was originally scheduled from July 31 to October 31, 1974, and was implemented last summer to assist fishermen who would have suffered a drop in prices due to the severely depressed U. S. groundfish market. The market conditions had resulted in a high inventory build-up and producers were offered storage assistance on the condition they would maintain prices to the fishermen.

The contributions are to provide interim assistance to groundfish producers through deficiency payments to producers who continue production. This program was announced on December 20, 1974 and is part of a \$21 million program which also includes the purchasing and canning of frozen groundfish to be used in the World Food Program and the provision of working capital loans to fish processing plants in Newfoundland and Labrador that were affected by the severe ice conditions in May and June, 1974. This interim program will terminate on April 30, 1975.

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EXTERNAL AFFAIRS—VOTE 26d

Canadian International Development Agency

Pages 34 and 35—Supplementary Estimates (D) 1974-75

The purpose of this Vote is twofold:

(1) to forgive loans made by the Federal Government to the Export Development Corporation (EDC) for the purpose of financing agreements between the Corporation and the Government of Bangladesh; and

(2) to authorize the EDC, in return, to forgive Bangladesh its obligations under those agreements.

The debts being forgiven by the EDC relate to four loans made by the Corporation to Pakistan between 1962 and 1969, for the purchase of power generation, paper mill and locomotive equipment for use in East Pakistan. These debts were taken over by the Government of Bangladesh upon the formation of that state, and are being forgiven in accordance with a decision of the Bangladesh Aid Group (an international aid consortium of which Canada is a member) to provide debt relief to that country.

Since the EDC is writing off these debts at the request of the Government rather than at the direction of its Board, a compensatory adjustment is being made in the Corporation's debt to the Consolidated Revenue Fund.

This item is in fact only an accounting adjustment which does not involve a new cash flow. It appears under CIDA's Estimates because the action is being taken on development assistance grounds.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—VOTE 40d

Northern Affairs Program

Pages 48 and 49—Supplementary Estimates (D) 1974-75

The major portion of this Vote is for a transfer payment to the Government of the Northwest Territories, to provide for salary and price increases during 1974-75 which could not be fully absorbed by the NWT Government. The \$2 million is essentially to assist the NWT Government in meeting the requirements of new salary settlements negotiated with the NWT Public Service Association and the NWT Teachers Association. Total wage settlements for these associations involved increases in the order of 15 percent, as opposed to the 6 percent that had been provided for in Main Estimates. Similar assistance was given to the Government of the Yukon Territory through an item in Supplementary Estimates (B) 1974-75.

Another item covered by this Vote is a contribution to the NWT Government of \$547 thousand for the development of a townsite at Strathcona Sound, NWT. In June, 1974 the Federal Government entered into an agreement with a Canadian company, Mineral Resources International, concerning government assistance to the company for the development of a lead/zinc mine at Strathcona Sound. Under the agreement, the government would provide development assistance in the amount of \$18.3 million over a three-year period commencing in 1974-75. The funds would be used for a dock, an airport, roads and townsite development. Appropriate amounts for 1975-76 and 1976-77 will be included in the Main Estimates of Transport and Indian Affairs accordingly. However, no funds were provided in 1974-75 Estimates for this project. The NWT Government is acting as project manager for the townsite

development, and this contribution would cover site planning, leasing and other pre-construction expenses.

INDUSTRY, TRADE AND COMMERCE—VOTES L26d and L27d

Loans to Canadair Limited

Page 54—Supplementary Estimates (D) 1974-75

1. Vote L26d covers a loan to Canadair Limited that is an integral part of the option agreement to purchase Canadair. Under the terms of the agreement, the federal government has the option to purchase all shares of Canadair by October, 1975. The price to be paid by the government will be based on the agreed asset value of \$36.6 million as of December 16, 1974 adjusted for Canadair's profit or loss at the time of exercising the option. The option agreement also states that the maximum profit the agreement will be adjusted for is \$1.5 million. The maximum cost to the government, therefore, would be \$38.1 million.

This \$3.35 million interest free loan to Canadair Limited is to be repaid when the government exercises the option to buy or the option expires, whichever occurs first. The cost to the government for the option agreement is therefore the interest foregone on the loan.

At the present time, Canadair Limited is owned by General Dynamics Corporation. As a condition of entering into an option agreement with the Government of Canada for the purchase of the shares of Canadair Limited, General Dynamics requested that a substantial deposit be made by the government to General Dynamics' account. General Dynamics made the point that because the assets of Canadair are substantial and because the option agreement imposes certain restrictions upon Canadair and General Dynamics, they wished to have tangible evidence of good faith.

The government was not prepared to make such a deposit but agreed instead to a loan of \$3.35 million to Canadair. This loan is guaranteed by General Dynamics and must be fully repaid by October 1975.

2. Vote L27d covers a non-lapsing loan to Canadair Limited to be used for the inventory financing of 13 CL-215 aircraft for export sales. This is part of a new production run of 15 aircraft. While terms and conditions have not been approved yet, it is proposed that the loan would be repaid in full on a progressive basis. As revenues are received from sales, a corresponding repayment would be made to the Crown. A total of 50 aircraft have been produced to date, of which 45 have been sold. The last aircraft of the current production run is nearing completion. This activity has employed up to 600 workers. A new production run of 15 aircraft would employ up to 450 workers over a three-year period, providing approximately 1000 man-years of employment.

REGIONAL ECONOMIC EXPANSION—VOTE L12d

Pages 92 and 93—Supplementary Estimates (D) 1974-75

This Vote is to authorize a Working Capital Advance of \$1.5 million that would allow the Prairie Farm Rehabilitation Administration (PFRA) to carry the recoverable portion of the costs of projects, pending repayment by the provinces, that are undertaken pursuant to federal-provincial agreements on Agricultural Service Centres and Community Water Projects in the Prairie provinces.

This Working Capital Advance is required because the payment terms of the agreements are such that provincial contributions to project costs are not usually available at the time the expenditures are being incurred, imposing a problem to PFRA of temporarily re-allocating available cash from within its overall program budget.

TRANSPORT—VOTE 20d

Air Transportation Program

Pages 114 and 115—Supplementary Estimates (D) 1974-75

The major item within the total of \$139,512,600 for this Vote is \$136,279,000 for crediting to the Airports Revolving Fund. These costs were incurred through the acquisition of the peripheral lands for the new Montreal International Airport at Mirabel, Quebec, the development of the lands and interest on funds borrowed from the Federal Government. The credit reflects the transfer of these peripheral lands from the Ministry of Transport to the Department of Public Works on 1 April, 1975. An additional amount of \$7,295,469 is credited in Transport Vote 15d for operating losses in a similar manner, bringing the total amount of the transfer to \$143,575,069. This item is in fact only an accounting adjustment which does not involve a new cash flow.

The remaining \$3,233,000 is required for a number of capital projects in progress across Canada. In addition, \$5,000,000 contained in Transport Vote 25 (Grants and Contributions) for payments to former owners of property expropriated in connection with the new airport at Mirabel, Quebec, is expected to lapse due to the delay in settlements in this fiscal year. These funds are to be transferred into Vote 20 (Capital Expenditures).

The additional capital funds will go toward the continuation of various projects which include: land acquisition for the Calgary International Airport expansion and the Vancouver International Airport; runways at Fort St. John, British Columbia and London, Ontario; airport development at La Ronge and Saskatoon, Saskatchewan, and St. John's, Newfoundland; and the new air traffic control tower at Mirabel, Quebec. The escalation of construction costs and the rapid pace of construction on many projects has created the requirement for additional funds.

NATIONAL HEALTH AND WELFARE—VOTE 46d
 Pages 70 and 71—Supplementary Estimates (D) 1974-75

OLD AGE SECURITY FUND⁽¹⁾
 (millions of dollars)

	1970-71	1971-72	1972-73	1973-74	1974-75
Receipts:					
From Taxes	1,914.2	2,118.0	2,219.0	2,496.5	2,740.0
Credit from Appropriations	—	—	—	235.0 ⁽²⁾	700.0 ⁽³⁾
	1,914.2	2,118.0	2,219.0	2,731.5	3,440.0
Payments	1,907.2	2,205.3	2,524.3	3,034.5	3,463.0
Surplus/(Deficit)	7.0	(87.3)	(305.3)	(303.0)	(23.0)
Deposits with Receiver General	7.0	(87.3)	(305.3)	(303.0)	(23.0)
Balance at beginning of year	721.4	728.4	641.1	335.8	32.8
Balance at Close of Year	728.4	641.1	335.8	32.8	9.8

⁽¹⁾Source for 1970-71 to 1973-74 is Public Accounts.
 Source for 1974-75 is Treasury Board estimate.

⁽²⁾Supplementary Estimates (B) 1973-74.

⁽³⁾Supplementary Estimates (D) 1974-75.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Wednesday, March 19, 1975.

The Standing Senate Committee on National Finance, to which were referred supplementary estimates (D) laid before Parliament for the fiscal year ending March 31, 1975, met this day at 9.30 a.m.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, before we proceed, I have before me answers provided in respect of questions asked at our last meeting in consideration of supplementary estimates (D) in respect of votes L26 and L27, which referred more specifically to the agreement between the federal government and Canadair Limited. I will table them, if the committee agrees.

Hon. Senators: Agreed.

The Chairman: Honourable senators, continuing our study of supplementary estimates (D), we have at your request appearing before us the Minister of Energy, Mines and Resources. Certain material has been provided for us and I believe copies of it have been distributed. The first piece of material is the option agreement between the Government of Canada and Interprovincial Pipe Line Limited, which is more specifically dealt with at page 18 of the supplementary estimates (D) under vote 5. We also have a statement by the minister in respect of Syncrude and the Government of Canada and a series of reports in connection with the possibilities of Syncrude. If it is agreed, honourable senators, I will table this material.

Hon. Senators: Agreed.

The Chairman: Honourable senators, I will ask the minister whether he wishes to make an opening statement.

Hon. D. S. Macdonald, Minister of Energy, Mines and Resources: Honourable senators, thank you for the opportunity to appear. If I may, I will simply speak extemporaneously to the various documents. I gather that the principal foci of interest were the Montreal pipeline arrangement and, secondly, the Syncrude investment.

Just to introduce the Montreal pipeline documents, taking a number of steps back, you will recall the decision made in principle by the government, that the existing pipeline system, which at the moment terminates at the Toronto refinery centre, should be carried forward so as to bring indigenous Canadian crude oil through to the Montreal refinery centre. The proposal was that the pipeline would be a reversible pipeline, with a capability of being upgraded to a through-put of 500,000 barrels per day, but with an initial capacity to handle 250,000 barrels per day. That initial 250,000 barrels per day would be prorated among the Montreal refineries.

As a result of the government's indication of policy in this regard, the Interprovincial Pipe Line company came

forward indicating its interest in extending its system from Westover, which is north of Toronto, through to Montreal, indeed, augmenting the system from Sarnia through to Montreal. As a result, the company made an application to the National Energy Board, which was partially delayed because of environmental objections in terms of crossing the Ottawa River on the approaches to Montreal Island. During the course of the board's stay of that particular proceeding, the board's report on oil availability was issued, indicating that there was a potential shortfall of indigenous Canadian supplies together with 250,000 barrels per day for the Montreal market, which could occur in the early 1980s.

Senator Benidickson: Mr. Minister, as you are proceeding, could you indicate a few dates? For instance when you say an application was made to the Energy Board, when was that?

Hon. Mr. MacDonald: Mr. Buchholz will come up and give the specific dates. We are speaking of September, 1973.

The Chairman: This is Mr. J. Buchholz, the Chief of the Research Division, Department of Energy, Mines and Resources.

Mr. J. E. W. Buchholz, Chief, Research Division, Department of Energy, Mines and Resources: Honourable senators, I brought the most recent application from IPL, because I felt it was the most pertinent and it is the wind-up of the whole operation. The original application was made, I believe, early in 1974. Its hearing was recessed because, as Mr. MacDonald says, of the environmental question. The hearing was re-convened and brought to near completion, I believe in September, before we issued our report IPL suggested that we wait, as they were interested in knowing the results of the report. They requested a stay of the hearing; a recess would be the more appropriate term. After the recess the National Energy Board, in October, did issue their report and findings of the hearing they held in connection with the supply and demand of oil and the matter of exportation of oil from Canada. From that point on, it was a matter of discussion between the minister and IPL, with the result that an arrangement was concluded. This arrangement resulted in a re-application to the National Energy Board by IPL in a letter dated February 21. This hearing will reconvene on April 11 of this year.

Hon. Mr. MacDonald: To be more specific, the first application was dated March 1974. I do not have the actual day of the month. It was amended in August 1974 as a result of the intervention by the Quebec government, which had objected, during the hearing which commenced in March, to the river crossings in the Lac des Deux Montagnes. It was suggested that the river crossing be moved further upstream, immediately below the Carillon

dam on the Ottawa River. As a result of the discussions which took place between the Interprovincial Pipe Line Company and the Government of Quebec, the application was amended in August 1974 for the purpose of shifting the route. In effect, the pipeline route, after going around Toronto by way of the Ontario Hydro right-of-way, would follow basically the Trans-Northern Pipe Line route to the Ontario-Quebec border, more or less. It would go north, virtually along the boundary line between the two provinces, cross at Carillon, pass through the Ste. Scholastique-Mirabel site and enter Montreal Island in Montreal east by crossing the extension of the rivers to the east of the island.

The adjournment of the hearings was on October 9, 1974 and the board issued its report of the oil availability approximately two weeks later, late in October 1974. Those are the specific dates.

The Chairman: Senator Benidickson, have you further questions as to the dates?

Senator Benidickson: No; I wanted to get the context of time to indicate whether, when the application was first made, IPL contemplated going on its own, in a normal, private enterprise fashion and when certain developments arose it resulted in either a back-away from their intentions and then, subsequently, requests on their part for a government guarantee.

Hon. Mr. Macdonald: That, in my opinion, exactly describes the situation. I believe it is fair to say that in the early fall of 1973, after the announcement on September 4, 1973 of the government's intentions, IPL came forward with enthusiasm, informing us that if we were thinking of building an oil pipeline they were in the business. In fact, it would connect into their existing pipeline system and they were prepared to build it and, indeed, went forward in the normal fashion to put together the application which they made to the board.

Their ardour cooled, as Mr. Buchholz has indicated, after the testimony at the National Energy Board's oil availability hearing, when they became concerned about the potential interruption of through-put. It was at that point that they asked for the adjournment and came back to the government to inform it that—unless they had some assurance that their fixed and variable operating costs for the Montreal section of the line would be covered in the event of an interruption in the flow of the 250,000 barrels per day going into Montreal for one or more years—they did not feel they could continue with their application. In effect, they felt they would experience a lot of trouble marketing 20-year bonds if approximately eight years on in the life of the bonds there was suddenly an interruption in the cash flow.

At that point we had some extensive discussions with the company. At that time there were really approximately four different options available to the Government of Canada. The first option was to abandon the original intention and not construct the pipeline. We considered that for security of supply reasons and, not least, because of the reversible aspect of the pipeline, it would be desirable to continue to have a connection, in effect, through to sea water on the East coast of Canada. So that was not an option we were prepared to accept.

Senator Benidickson: Was the reversible feature in the thinking from the beginning?

Hon. Mr. Macdonald: It had been in the thinking from Sarnia right through. Indeed, it is fair to say that the reversible feature was a government inspiration. It is not necessarily the one that IPL themselves would have adopted, but they readily acceded to it and they included it in their application.

The second of the options was one that we suggested, that in due course, while it is not for the executive to say when there will be a tariff for toll hearing under the National Energy Board Act—that is in the discretion of the board—it was highly likely there would be a rate hearing on Interprovincial Pipe Line just as there was with regard to Trans Canada.

Heretofore, by way of background on the rates on Interprovincial, because the system over the years was expanding in its through-put, it was gaining in economies of scale so that the individual unit cost of through-put was going down. In essence, the company were in the rather, almost without interruption, enviable situation of having falling rates from time to time, but in every case indicating reduction in the unit cost of putting through a barrel of oil. Is that a fair statement?

Mr. Buchholz: Yes.

Hon. Mr. Macdonald: So the board chose, in that environment, not to have a rate hearing. I would not be surprised if the board announces in the near future that there will be one. Indeed, we anticipated that because of the changed atmosphere, and the fact that rates instead of going down would be going up, the board would feel impelled to have a hearing to examine the situation.

Senator Manning: Mr. Chairman, when this matter was discussed in committee last week, when the supplementary estimates were before us, the point came up that in the government guarantee, or in the annual operating costs of the eastern pipeline, there would be the factor of the amortization of the line, and retirement of capital. To what extent will the Government of Canada have a monitoring role in the cost of the line? This would have a definite bearing on what the annual operating costs might be in so far as the amortization features are concerned.

Senator Benidickson: And consumer interest.

Senator Manning: And consumer interest, yes.

Hon. Mr. Macdonald: We would not primarily be monitoring the pipeline any more than we monitor any other pipeline, in the sense that we will not have an override in that regard. We are confident that it will be in the interest of IPL to get the pipeline completed as quickly as possible and at the lowest possible financial exposure to them. In that sense, there will be the overall interest on the part of the company to get the cheapest pipeline in place as quickly as possible. In effect, so long as the oil continues to go through, and with the rate of return on the pipeline being set, we assume, by the National Energy Board, the pipeline will be under some pressures to make sure they get the line in place as economically as possible.

Senator Manning: My second question on that same point is, does the reversible feature result in any significant differences between the cost of the construction of the line and the installation of pumping stations, and the situation if there were no reversible feature?

Hon. Mr. Macdonald: Mr. Lyon, of the Department of Justice, reminds me that the capital costs will be audited

as well as the operating costs. In that sense, while we would not at the moment of construction be supervising whether they were following economical practices, when they come forward for payment in due course, we would have the right to audit and determine the extent to which they had been either profligate or economical in the processes followed.

The Chairman: May we follow that through, Mr. Minister? Let us assume they had been profligate. On what criteria would that be based?

Hon. Mr. Macdonald: We would be talking about the judgment of qualified people experienced in the construction of pipelines. In particular we would be taking advice in this regard. Under the deficiency agreement, if there happened to be disagreement on that, as on other questions, between the company and the Crown, it is a matter which would be submitted for verification by auditors and, if we could not agree, by an independent auditor nominated by the two parties or by the federal court. So that in due course the auditing procedure would enable us to bring in someone experienced in the field and say, "Given the fact of the conditions under which the pipeline has been put in place, the conditions at the time of construction, was this the good stewardship you would have expected the company to have carried out?" There is the fact that this can cost them money in their return to their shareholders if they do not satisfy the Energy Board in the rate hearing in this regard. The second point of investigation would be if there is an application in due course for payment under the deficiency agreement.

Senator Manning: Is there any significant alteration in the cost of the project by virtue of the reversibility feature on the matter of extra pumping stations, the design, and anything of that kind?

Hon. Mr. Macdonald: Mr. Buchholz will comment on that.

Mr. Buchholz: There would be one additional pumping station. Because it would be reversible, it would require tankage at the inlet—in this case at the Montreal end. So there would be additional tankage. The cost estimate, depending on the amount of tankage required, would be a matter for discussion as to what the through-put would be. This would be in the order of from \$5 million to \$10 million.

Senator Benidickson: Added to what? What was the basic?

Mr. Buchholz: One hundred and eighty-five, I believe, was the anticipated cost of the line as it is. It is a significant amount, but not relative to the total cost.

Senator Benidickson: It is not relative to the opportunities which are provided if the world picture changed. If import oil is that much cheaper, consumers in the Eastern area, East of the Ottawa Valley, might benefit again by import oil on a reversible basis.

Mr. Buchholz: I would like to emphasize that this is in today's dollars rather than in whatever the dollars might be at that time.

The Chairman: Honourable senators, the minister is still in the course of making his statement. Perhaps we should let him proceed.

Senator Prowse: Do you know if the Interprovincial Pipe Line Company have construction capacity themselves? If not, would they be following the cost plus fixed fee, a negotiated contract, or a low bid contract? What kind of contract?

Hon. Mr. Macdonald: I must confess, I do not know.

Mr. Buchholz: Normally it would have been the low bid type. In this case, with the time constraint, I am not sure what it would be.

Hon. Mr. Macdonald: Mr. Chairman, as I indicated, we were looking at four options. The first was not to build it at all, which was rejected. The second was that we said to Interprovincial, "You will be going to a rate hearing; if there is this kind of interruption, you should look for an adjustment in your overall rate of return to the National Energy Board which, if there is this kind of additional financial exposure, would take this into account and would adjust the rates elsewhere, depending on the facts." The company's reaction was that they would just as soon not take their chances on that kind of potentially contested regulatory hearing, and they wanted something a little more secure.

The fourth option—I leave out the third for the moment—was that if they would not build it, we would do it ourselves. It is easy to say that, but if you do not happen to have within the apparatus of the federal government a qualified pipeline team—I suppose over time we could have retained a firm to do that for us and put it in place. It occurred to us, however, that the third option was the best one, namely, since this was a continuation of Interprovincial, since they had considerable experience in oil pipeline operation in Eastern Canada, and since this was, in fact, for part of the way, from Sarnia through to Toronto, going to be passing over their right of way and in connection with their own system, the solution was the kind of deficiency agreement whereby we would, as I said in my opening remarks, undertake that in the event of a drop in revenue in any one year from the Montreal section of the line, below the fixed and variable operating costs as defined in the deficiency agreement, the Government of Canada would assume responsibility for the difference.

The final thing I would say by way of addition to the general introduction is that if the deficiency agreement becomes operative because of that kind of interruption, or if the parties agree that it is going to become operative, then under the option agreement, which is the second of the two documents, the Government of Canada has the right, under the conditions of that document, to purchase the Sarnia-Montreal section and to operate it itself. That is about all I have to say by way of background.

Senator Manning: Mr. Minister, what is the present time frame with regard to the actual completion and operation of the pipeline?

Hon. Mr. Macdonald: The National Energy Board has set a hearing for April 11. Perhaps Mr. Buchholz could describe exactly what the Board will be doing at that time.

Mr. Buchholz: We have not set a great deal of time for the hearing, so presumably it is going to be fairly short. Without trying to prejudice my bosses at the National Energy Board or the members, I think it would be safe to say that we do not anticipate too much contestable material coming forward. The application has been reviewed and there will be some questions that we have, as to the

additional costs that have been indicated. We would want those clarified. The intention is that it will be a one or two day hearing, and that would be sufficient for the gathering of any additional information we need.

Senator Manning: What I was really trying to get at is the overall time frame in which you actually expect to be moving oil through the pipeline.

Hon. Mr. Macdonald: In view of the fact that there have already been extensive public hearings to this point in time, we would assume that the Board will be able to arrive at a decision quickly. Most of the land, except for the usual number of problems which have to be settled, has been acquired; the engineering work has been done; the steel is now in the process of manufacture, and from my last conversation with Mr. Waldon, President of Inter-provincial Pipe Line Limited, I understand his intention is to get under way as soon as the weather conditions permit in the spring.

I do not think that at this time there is any prospect of meeting the original deadline which, as you may recall, was some time just prior to frost, 1975. I think now we are looking at some time after the frost in the spring of 1976. While I feel that a lot of progress can be made in constructing the line through into December, the company cannot do a water rest on the line once the temperature goes below 32 degrees. If it did, it could wind up with the longest icicle in eastern Canada. What the company may very well do is complete the actual construction some time during the winter of 1975-76, but it will very likely be some time in mid-1976 before oil is actually flowing through the pipeline.

Senator Grosart: Can you tell us, Mr. Minister, whether the interruption of flow is the only component for the required deficiency payments?

Hon. Mr. Macdonald: The deficiency payments agreement is in contemplation of an interruption. If there was an interruption due to an accident on the line, or something of that nature, the crown, under one of the provisions of the deficiency payments agreement, would have the benefit of whatever insurance the company carries against that type of situation. The anticipated hazard that both parties had in mind when negotiating the agreement, however, was the interruption of the 250,000 barrels a day.

Senator Grosart: From whatever cause?

Hon. Mr. Macdonald: Primarily because of a shortfall in supply from indigenous Canadian sources. The company, for example, under paragraph 3 of the agreement, is required to use its best efforts to arrange timely financing to complete the construction and thereafter to operate it in accordance with the provisions of the National Energy Board Act. So it would be subject to all of the requirements of the Board and the basic obligation to act in a reasonable and careful fashion to operate the pipeline. If by its own negligence the flow is interrupted, the company would have difficulty claiming deficiency payments.

Perhaps you are thinking of the possibility of an act of state by the United States. That potentially could expose the crown to payments under this deficiency agreement. Such an act of state by the United States resulting in the interruption of the flow of oil between Sarnia and Montreal would, of course, cause rather more extensive disruption in the Canadian oil business and, as well, in Canada-

U.S. relations. I think it is fair to say that we do not anticipate that kind of interruption.

Senator Prowse: The reversibility of the line would be in the event that Canadian sources were not able to supply the Toronto refinery?

Hon. Mr. Macdonald: Yes. If the shortfall broke down to 250,000 barrels a day, Montreal would be back in the situation it is in at the moment, of taking all its crude feed stock from overseas. If there were a further shortfall over time, such that indigenous Canadian sources could not provide feed stock for either the Toronto or even the Sarnia refineries, then at that point the reversibility option would become relevant.

Senator Prowse: What is the general practice of the National Energy Board in allowing a rate of return?

Hon. Mr. Macdonald: With respect to an oil pipeline, one cannot say at the moment it is the general practice, because there have not been rate of return hearings in respect of the pipeline. I think there would probably be a powerful force of analogy with the Trans-Canada rate hearings situation to the oil pipeline situation.

Perhaps Mr. Buchholz could elaborate on that. I am really asking him to step into an uncharted area, because we do not know how the Board will decide to deal with this kind of application.

Senator Prowse: On the other pipelines that are being operated, what rate of return has applied, or is it the same for all pipelines that are Trans-Canada or Trans-Mountain?

Hon. Mr. Macdonald: The analogy to Trans-Canada is a useful one. Perhaps Mr. Buchholz can summarize the conclusions.

Mr. Buchholz: That is a fairly tough question. I wish I had brought someone from our Rates Branch.

The Chairman: In that regard, what depreciation does the National Energy Board allow? Is it a straight line, and if so, what period would it use?

Mr. Buchholz: You are now talking about financial matters, and being an engineer I am not familiar with such matters. These answers are certainly available, but not being able to anticipate your questions in this regard, I am afraid I do not have the answers. They are easy to get, but I do not have them with me.

The Chairman: I notice that the option agreement calls for purchase on the basis of 20-year depreciation straight line. I am wondering whether that is similar to the concept that the National Energy Board would use.

Mr. Buchholz: I am sure it is similar, but I am afraid I cannot pin it down and say it is 30 per cent or 20 years straight.

Hon. Mr. Macdonald: I am informed that it is basically 5 per cent over 20 years.

Senator Prowse: Does the pipeline company anticipate looping of the line eventually in order to bring up its capacity? In other words, do you have rights-of-way that would permit that?

Hon. Mr. Macdonald: That would depend on the indigenous supply. I think the first step that would occur would

be, in effect, to put additional pressure on the line to get it up to the full 500,000 barrels a day, and we would not need to acquire any major right-of-way for that. I would say that the history of both the Trans-Canada and Interprovincial, in particular, has been progressive looping over time, which has required additional land acquisitions along existing rights-of-way.

Senator Prowse: You do not anticipate being in the position with respect to indigenous oil of having more to sell in the Montreal market after our present commitments are met? We are more apt to go the other way?

Hon. Mr. Macdonald: I think my preference would be—and this depends not so much on me as on the geology—

Senator Prowse: Be careful of the word “preference.”

Hon. Mr. Macdonald: My preference would be to have substantial reserves of oil developed on the east coast, either in the east coast offshore or on the north-eastern Arctic, which could be brought into the Montreal market. Obviously it would make more economic sense if we could reach the Montreal and Atlantic refineries from more accessible sources of supply. However, depending on the rate of success and the findings in the Mackenzie Delta, Mackenzie Valley and Beaufort Sea, it is not inconceivable that there could be an increase in the through-put beyond the 250,000 barrels a day, and perhaps in due course even a situation where we are meeting all the requirements of the Montreal market from indigenous feedstock. I cannot be more precise than that, because it depends directly on the kind of finds that we do have.

Senator Langlois: Mr. Minister, reverting to the auditing of the construction costs, is this provided for anywhere in the agreement with IPL?

Hon. Mr. Macdonald: Mr. Lyon, you might like to refer to that?

Mr. James Lyon, Legal advisor, Department of Energy, Mines and Resources: Are you speaking of the capital cost or the operating costs?

Senator Langlois: The capital costs.

Mr. Lyon: Section 7.

The Chairman: Section 7 of the deficiency agreement?

Mr. Lyon: The deficiency agreement.

The Chairman: The option refers to the deficiency agreement when it comes to a buy-out; they use the same criteria.

Mr. Lyon: You see about the fifth line from the end of paragraph 7. The certification provided by Interprovincial must specify:

—the details and total amount of the capital cost of the Montreal Extension, and if there is disagreement . . . the dispute shall be dealt with *mutatis mutandis*,

in the same way as disagreements with respect to operating costs and revenues. In other words, it goes in exactly the same audit reviews and the same provisions for resolution of disagreements. The standards of audit will be those normally applied:

—in accordance with generally accepted accounting principles and practices consistently applied by Interprovincial.

Really we are putting the burden on them to go about building the pipeline in the way that a prudent pipeline builder would build a pipeline, the normal way.

The Chairman: I do not see how you can put that interpretation on that clause. It would seem to me the reading of that clause would permit a disagreement on what items of cost went into the purchase price and the returns of the agreement, but I do not see anything in there that would allow the parties to dispute an over-run of costs or, as the minister said, a profligate cost.

Mr. Lyon: We then have to refer back to paragraph 6(c), (d), (e), (f) and (g), which relate to the primary obligation of pay and deficiency. There we have provided a sequence of reviews, and we are importing these reviews into this by reference, not *in extenso*.

Hon. Mr. Macdonald: Perhaps I could deal with it more directly: specifying the details and total amount of the capital cost of the Montreal extension, and if there is a disagreement between the parties, as to the said total amount the dispute shall be arbitrated. It seems to me that this would be exactly the nature of a dispute between the government and the company, in which the company would say, “This is the capital cost of the Montreal extension,” and we would say, “Frankly, we don’t think that is a reasonable cost, we think you have loaded it; on that basis we think we should only pay on the basis of a lower amortization.”

The Chairman: That would affect, then, the capital cost under the option agreement.

Hon. Mr. Macdonald: That would affect the percentage depreciation payable in respect of a particular year. You would first determine the amount that was being depreciated under this, if there was disagreement on this one, then on a percentage basis how much they would be entitled to write off, and therefore how much we would have to pay from what they would normally have been able to write off against income.

The Chairman: That is under the deficiency agreement. Suppose they exercised the option under the action agreement, would the capital cost be defined in the same way?

Mr. Lyon: Yes.

The Chairman: Even though the capital cost was higher, if there were a disagreement and if the auditor accepted the disagreement, that would be the capital cost under the option agreement?

Mr. Lyon: As depreciated, yes.

Senator Manning: Referring still to the matter of the obligation of Canada for deficiency payments, what is anticipated if this line ultimately moves into reverse flow in its effect on the deficiency obligation? As long as the oil is flowing to Montreal at relatively full capacity you have no problems about deficiency payments, or if the oil was flowing the other way at any full capacity you would have no problems. It is certainly unlikely that it will move from a position where one week it is flowing at full capacity from Montreal and a week later it is flowing full capacity the other way. You will have a big grey area with a declining through-put, first in the flow to Montreal, and then assuming it is going to be reversed you will have to start full capacity. Is that not the area where the deficien-

cy factor becomes serious to Canada, and what do you anticipate in that grey period?

Hon. Mr. Macdonald: Yes, indeed, that would be the situation in which you would have a fixed variable cost of running the line, but it would not be yielding the same revenue. I am not an engineer, but I understand that at a certain point of through-put it would not be feasible to run the line. Instead of dwindling down to zero, there will have to be a cut-off point at which it will not be possible to run the west to east flow. As I understand it, at that point if there were a decision to run it in the other direction, the line could be down by as much as about a year, to change around to reverse in the other direction. That would be the kind of circumstance under which the obligation of the government would come into play. I would say it is very likely that the Government of Canada, if it were to be reversed in that way, would very likely exercise the option. At that point the company might well be in a position of saying, "There is no potential additional through-put at the moment from western Canada; therefore we are going to stand down the line, and we are not particularly interested at this point in reversing the flow." We would say at that point, "We are, and therefore we exercise our option," and we would take over the management decision as to what we would do from that standpoint.

Senator Benidickson: In the national interest.

Hon. Mr. Macdonald: In the national interest.

Senator Manning: On that very point, just so that I am clear, does the Government of Canada have the right to take over the management decision and say when they are going to cease the flow from, say, west to east because the volume is inadequate to cover the cost, or do they have to exercise the right to purchase the whole project in order to do that?

Hon. Mr. Macdonald: Not in determining the volume of the flow. What would really determine that would be the availability at the other end. If because of supply shortfalls producers were not tendering at the Edmonton end, not tendering oil in sufficient volumes to meet the Toronto refinery requirements, plus the 250,000 barrels a day, then the pipeline company has no real choice in this regard; it has to take whoever tenders the oil. If people stop tendering it, it would really be the producers themselves, or perhaps, depending upon regulatory decisions in Alberta, the Alberta Energy Resources Conservation Board, which would determine that there should not be any more volumes of oil removed from Alberta, for whatever reasons. At that point the decision would have been made, not only for the pipeline company, but the Government of Canada in the circumstances.

Senator Manning: In the event the available oil dropped off to only 40 per cent of through-put capability, how would Canada be protected against the company taking the position, which I do not suggest they would take, of saying they would be quite happy to operate the line at 40 per cent through-put because the Government of Canada would be picking up the deficiency and no loss would be incurred by the company. Have you the right at that stage, whatever that percentage might be, to step in, notwithstanding the position of the company and inform them that they would not be allowed to continue operating their line at X per cent through-put with the Government of

Canada picking up the deficit? Do you have that right, without buying the line?

Hon. Mr. Macdonald: No; at that point our right is to step in and acquire. We have the choice then of either making a partial deficiency payment, or of acquiring the line itself.

Senator Manning: I suppose you would also have the possibility, of course, of informing the company that the situation was unrealistic. It bothers me a little to think you would be put in a position in which the only way to avoid a deficiency payment, caused by a fall-off in through-put because of non-availability from either direction, would be to step in and buy the line.

Hon. Mr. Macdonald: Mr. Lyon points out to me that another option is that there is an obligation on their part to refile tariffs if there happens to be a change in the flow on the line. Therefore, if they filed for different tariff treatment it may well be that the board in acknowledging the new situation would increase the tariff and the company would not at that point be in a shortfall situation.

Senator Manning: Can you see that going very far, that if the volume falls off we must double the tariff?

Hon. Mr. Macdonald: It would certainly be an uncomfortable portfolio in such a situation.

Senator Manning: You would have to buy the line.

The Chairman: I notice a clause in the agreement which contemplates IPL redeeming its debentures in the event of a take-over. Is that a requirement?

Mr. Lyon: I will have to refresh my memory.

The Chairman: We can return to that later if you wish to refer to your file, Mr. Lyon.

Senator Benidickson: As I understand the testimony this morning, no doubt after considerable investigation and so on, Interprovincial Pipe Line came to the point in March of 1974 at which they were prepared to make an application to the National Energy Board on a normal, commercial basis to go it alone and build this extension from Sarnia to Montreal. Then they heard that a re-assessment of indigenous resources was to be issued by the department. They therefore stalled at that point, naturally. Within a few weeks you did make a re-assessment of the availability of oil resources.

Hon. Mr. MacDonald: The National Energy Board did.

Senator Benidickson: Yes, the National Energy Board did. That report, as I recall, very considerably downcounted, or down-estimated the supply in comparing it to the last estimate, which was much more optimistic.

Hon. Mr. Macdonald: Not quite, senator. There was not a radical difference between the estimated reserves brought out by the board in December 1972 and the October 1974 judgment. Between those dates the demand on the Canadian producing reservoir had risen to full capacity. This is something, as I understand it, that can only be determined when full capacity is reached, that the producibility, the rate at which that oil can be produced for maximum return, is lower than had been anticipated. Therefore the board's report of October 1974 said that basically the same amount of oil is down there, but it can only be extracted at this lower rate than we previously

thought was possible and for this reason we must revise the estimates on the period basis at which the reservoir can be expected to produce.

Senator Benidickson: Thank you, Mr. Minister. It has been a while since I originally read the deficiency agreement in the option agreement, but my recollection is that in the committee of the House of Commons a couple of weeks ago, when giving evidence you assured that committee that if the government under the deficiency agreement was obliged to take over the line it would be paying merely for costs and nothing for the loss to the company of anticipated profits and so on.

Hon. Mr. Macdonald: In terms of the deficiency payment, it would pay basically the carrying costs of the line, but would not make any payment on account of rate of return for that part of the investment. In terms of the option agreement, in effect that would be picking up the line at depreciated capital cost at that time. In other words, we are speaking of a fixed amount, which periodically is depreciated. So, again, they are not receiving any premium or payment on account of equity.

Senator Benidickson: And no compensation for loss of anticipated profit?

Hon. Mr. Macdonald: No.

Senator Grosart: Referring to paragraphs 6 and 7 of the deficiency agreement, it seems to me that they provide only for a deficiency payment in respect to a shortfall between what is termed the total amount here, the amount actually spent, and the deficiency requirements. Is there anything in the deficiency agreement which permits the government to inquire as to whether that total amount should have been spent?

Hon. Mr. MacDonald: That is the capital cost question. Our view would be that that is the effect of paragraph 7.

Senator Grosart: It does not seem to provide that, because it refers to the company's audit, then to another audit, but it only seems in paragraphs 6 and 7 to determine the deficiency in respect to the amount actually spent, but not as to whether it should have been spent. Is there any protection for the government in the agreement?

Mr. Lyon: Although I am not an accountant, I know that the National Energy Board in its tariff structure approves tariffs which are filed, even without hearings. It follows various criteria by which it determines whether the line is being properly and prudently run. There is reference in general terms to those criteria in, for example, paragraph 6(a), which contains a requirement that the auditors of Interprovincial shall report that in their opinion the:

—Statement of Deficiency is in accordance with generally accepted accounting principles and practices consistently applied in the preparation of the Consolidated Financial Statements of Interprovincial for that year—

Senator Grosart: The auditors would only say the money had been spent, but would not be in a position to inquire into the deficiency.

Hon. Mr. MacDonald: That is the function of the National Energy Board in setting the rates for the line. It is their responsibility to determine whether a reasonable investment is made, because if the company could go hog wild, of course the costs would be passed on to the consumers

on the line in terms of higher rates. That is the function of the National Energy Board.

Senator Grosart: But if the board exercised that function, would it not in effect reduce the rates and therefore increase the deficiency?

Hon. Mr. Macdonald: Not necessarily; it would inform the company in terms of on what it could seek a rate of return, they would inform them that the reasonable cost of the line would be so much and the company would be entitled to amortize it on a certain basis. It would tell them their interest charges were reasonable and they could therefore expect to obtain a certain percentage rate of return on the overall investment in this line. If the company came in with an amount inflated by 10 per cent or 15 per cent, which the board rejected, it would affect the company's rate of return, but it would not affect the actual cost payable.

Mr. Lyon: In section 1(b) we define, again in general terms, the costs which will be allowable against revenue in determining whether there has been a deficiency which qualifies for repayment. They are in large measure specifically stated. There is 1(b)(i), (ii), (iii) and (iv). Paragraph 1(b)(v) brings in the standard manual of the National Energy Board.

The Chairman: I think what Senator Grosart is getting at is subsection (i) "provision for depreciation calculated on a 20-year straight line basis". If the capital cost is not under control, that provision for depreciation goes up.

Hon. Mr. Macdonald: If it is an unreasonable one, it is an unreasonable expenditure. It says "Fixed and Variable Costs" means all reasonable operating and fixed charges and expenses of and solely related to the Montreal Extension". If they come forward, in the board's judgment, with what under its obligation is unreasonable, there could be a separate decision-making point with the government with regard to payment. If the expenses for capital are not reasonable, if the basic capital amount is not reasonable, that portion of the fixed charges which is presented by amortization will be equally, on a pro rata basis, unreasonable, and I think we can successfully contend that we should pay a lesser amount.

Senator Grosart: This would not be done under 6 and 7.

Mr. Lyon: Six and 7 are for determining the costs set out in 1(b).

Senator Grosart: Even 1(b) does not refer specifically to the efficiency of the operation. It says "reasonable." Who decides what is reasonable? Could one go to the federal court with this?

Hon. Mr. Macdonald: You could well do. The Energy Board decides what is reasonable in terms of the tariff structure. Under this contract, if there is not an agreement on the principle, you could take it to the federal court.

Senator Grosart: In any event, Mr. Minister, you are satisfied that you could inquire into the efficiency of the capital spending?

Hon. Mr. Macdonald: Yes, senator, we feel that we can.

Senator Prowse: That is what I wanted to know. This is dealing with operating costs, and I wanted to know whether you would have the right to look at their fixed costs, not the fixed costs in any one year.

The Chairman: Are there any further questions with respect to the pipeline agreement? There was one question with regard to debentures.

Mr. Lyon: I think, Mr. Chairman, you are speaking of section 1(d). Is that the section to which you are referring?

The Chairman: It was something I noticed in passing. I cannot tell you where it is. It says that in the exercise of the option, part of the cost is the premium if any. It is 10(a) of the option agreement. It says that part of the cost will be the premium, if any, payable by IPL on the redemption of the debentures. I wondered if there was a requirement that before the option was exercised, IPL had to redeem its debentures. There is nothing in there which says it is. I wondered if that was a requirement.

Mr. Lyon: No, it is not a requirement.

Senator Prowse: The rates are to be filed on the basis of 250,000. It is in paragraph 8.

The Chairman: Of the deficiency agreement?

Senator Prowse: Yes. It is in the last half of the page. It is five lines up from the bottom:

and provide a reasonable return to Interprovincial on, the Montreal Extension if an average of 250,000 barrels per day of oil are transported

That is where the rates are stated. Where does it say something about whether they get up to 500,000 barrels a day? Obviously the same return would be achieved on much lower rates.

Hon. Mr. Macdonald: We cannot speak in this agreement about changing the rate structure from time to time or the level of the rates. That is the jurisdiction of the board. I take it, Mr. Buchholz, that the board has the right, and the National Energy Board has the right, from time to time of its own motion to revise the rates saying, "You fellows originally got this on the basis of 250,000 barrels a day, you are now getting twice the through-put at a lower unit cost, therefore you are getting a bigger return and we think the rate should go down."

The Chairman: Honourable senators, the second area in which senators were interested was vote L12d respecting the Syncrude agreement.

Hon. Mr. Macdonald: May I again say some general words of introduction and then respond to specific questions. What we have involved here is a consensus on the principles for agreement by which the three governments, the Government of Canada, Alberta and Ontario, would come in to assume a participation in the Syncrude joint venture to the total amount of \$600 million. Taking a step back, it will be recalled, for ease of mathematics, that in the original project, which had involved the four partners—Atlantic Richfield Canada, Imperial Oil, Gulf Canada, and Canada Cities Service, who incidentally are referred to as the non-defaulting partners. The abbreviations in the discussions refer to them as the NDP—the initial expectation was that the cost of the project would be approximately \$1 billion. Atlantic Richfield, for reasons of its own, withdrew as a partner. At the time when the cost escalation had been determined to have reached the level of \$2 billion, the remaining companies indicated they would be prepared to assume up to \$1 billion of the cost but that they would have to seek additional financial assistance for the second \$1 billion. After extensive

negotiations, the companies agreed to go to the extent of \$1.4 billion of the capital cost, and the three governments come in for the remaining \$600 million.

At this point there have been extensive negotiations, and they are still proceeding, between the non-defaulting partners and the three governments to establish a more highly defined joint venture agreement. In effect, there is an agreement in principle at this point.

The testimony I gave in the house was to the general outlines of this, the kind of situation we found when we went in to examine Syncrude, and some of the problems we are currently engaged in negotiating. In other words, we do not have at this point the kind of finely honed legal document that we have with regard to the Montreal pipeline. This is a matter which is still under negotiation. In effect, the federal government are to take \$300 million, which represents a 15 per cent share in the joint venture. For this in due course we will be entitled to a pro rata portion of the oil produced by the Syncrude project, and we shall also be expected to assume a pro rata portion of the costs. It is difficult to give a short introduction of the Syncrude project. It might be easier if I respond to questions rather than attempt to summarize it briefly.

Senator Manning: In the information summary which the minister provided, it refers to three special features of government policy necessary for this project. One was income tax arrangements; the second, exemption from proration; and the third, production from the plant be marketed at international prices. Has there been a firm arrangement between the Syncrude project and the provincial government on royalty rates for a fixed period of time?

Hon. Mr. Macdonald: Yes and no, senator. There is a highly articulated document which was executed between the original participants and the Alberta government, in effect providing for the Alberta government at its option either to take a 7½ per cent gross production royalty or to take 50 per cent of the net profits, the net profits being a formula that was specifically defined. I have to say no in part, because the document also left open to the government of Alberta the right to review the royalty arrangements at any particular time.

Senator Manning: So that provision has not been set aside?

Hon. Mr. Macdonald: That provision has not been set aside. It is obviously a question on which other government participants, coming into this project, will want to have more extensive discussions with our partner. We feel, in particular at the federal level, that since we have agreed to freeze the tax regime from the standpoint of corporate income tax, it would seem reasonable to freeze it from the royalty standpoint.

Senator Manning: It would seem to me, Mr. Minister, that these two provisions become rather meaningless if there is no firm control over what is going to happen.

Hon. Mr. Macdonald: I quite agree, senator. This has been a matter of concern to us.

Senator Manning: My other question, Mr. Chairman, is with regard to a slightly different area. In view of the new arrangements in which there are three governmental partners, what is the situation now with respect to marketing agreements? In other words, is Syncrude, which is the operating company, free to make its own marketing

arrangements, or is this controlled by the three government participants, or how is it controlled?

Hon. Mr. Macdonald: Subject to the fact that it has not been fully defined by contract at this point, Syncrude itself, either before or hereafter, would not make marketing arrangements. Its obligation is to operate the project and then to deliver notionally and, of course, in due course in fact, pro rata portions of the oil to the joint venture partners. It is then up to the joint venture partners to deal with the product as they choose. The Government of Canada would receive 15 per cent of the product under the joint venture agreement.

That, in turn, is subject to the over-riding law of Alberta which, at the moment, requires the oil to be delivered to the Alberta Marketing Commission. The Commission has the authority to do with the oil as it wishes, although as I understand its current operation, while the oil is delivered in legal terms and passes into the Commission's control, the Commission, in turn, will pass it out on the other side pursuant to contractual arrangements that may have been made between the producer and consumers either within or without the province.

Senator Manning: Under the province of Alberta law today, does the total amount of this oil pass through the provincial government Marketing Commission or just the Government of Alberta's share?

Hon. Mr. Macdonald: My understanding is that the total production in the province, with the exception, I think, of freehold oil, passes through the Alberta Marketing Commission. I would have to appeal to someone with respect to freehold oil.

Senator Manning: I do not think freehold oil was ever included in it.

Hon. Mr. Macdonald: In that event, we are talking, really, about leased oil which, of course, this would be from the nature of this land holding. All production from lease holdings in Alberta passes through the Alberta Marketing Commission. That is my understanding of the situation.

Senator Prowse: Presumably, the Alberta government could require that oil from freeholders go through its marketing commission. The provincial government would have the power to require that, if it thought it desirable.

Hon. Mr. Macdonald: You are asking me a question about the law of Alberta. I would think that the legislature of Alberta could decide to abolish those property rights if it wished. There may be some interesting legal questions as to whether it could do that in the case of freehold property rights predating 1930, or which went back into the last century.

Senator Prowse: Let us take Indian lands, CPR lands and Hudson Bay lands as an example.

Hon. Mr. Macdonald: As to Indian lands, I think you could probably earn a lot of money litigating that one; as to CPR lands, I think that, too, would be interesting to the extent that the 1930 agreement may have nullified the predated property rights that that particular land holder might have.

Senator Prowse: The province could, in effect, expropriate. It would amount to expropriation. I imagine the province would have that right if it wanted to exercise it.

The Chairman: You are really asking the minister for a legal opinion.

Senator Prowse: Yes. I will not pursue it.

Hon. Mr. Macdonald: I am not answering because it will be an uncompensated legal opinion, but because it will not be a particularly competent one.

Senator Prowse: You get what you pay for.

Senator Graham: Mr. Minister, you mentioned in the documents and verbally the figure of \$300 million with respect to Canada's participation, or 15 per cent. Is there a ceiling on that?

Hon. Mr. Macdonald: There is not. The most accurate way of talking about it, senator, is to say that we are becoming a 15 per cent participant in the joint venture. If there is a cost over-run over the figure of \$2,048,000,000, then we would have to bear on a pro rata basis such portion of the cost over that amount. That \$2 billion figure includes in it a fairly substantial allowance for anticipated escalation of costs and contingencies, so that we are perhaps not being overly sanguine in hoping that the thing can be brought in pretty close to that target figure. In answer to your question, it is a 15 per cent obligation rather than a \$300 million obligation.

Senator Graham: In developing the project, what kind of participation would your officials have or would the Government of Canada have in guaranteeing that there were no unnecessary cost over-runs?

Hon. Mr. Macdonald: Perhaps I could have Mr. Ediger reply to that question. Mr. Ediger is the President of Eldorado Nuclear Limited and is experienced in major resource developments. He has been on the Syncrude negotiation team on behalf of the Government of Canada.

Mr. Nicholas Ediger, President, Eldorado Nuclear Limited: Honourable senators, Syncrude Canada Limited, as operator for the joint venture partners, is under the control of a board of directors, an executive committee and a management committee advised by various subcommittees. Obviously, the most important subcommittees are those concerned with the project itself and its operating costs, and the audit committee, which is concerned that the money is being spent properly.

As the result of the cost over-run in the original cost estimates, the original Syncrude partners, the remaining partners, have already taken the initiative to considerably strengthen the owners' project management group, so that in addition to Syncrude Canada Limited and Bechtel managing the project, we have an additional group in an advisory capacity, but very much part of the ongoing project, to ensure that our money is being spent as effectively as possible.

Senator Graham: Perhaps I missed this point in the discussions earlier or in the documents which have been tabled. Does the Government of Canada have a representative on that executive committee?

Mr. Ediger: We will have a representative as soon as our money is put into play. At the present time we are participants in the steering committee, which is the new body that has been created during this interim period and on which all six participants are represented, the three original participants and the three new participants.

Hon. Mr. Macdonald: In effect, senator, we are negotiating our way in, and until we nail that one down we are not paying.

Senator Grosart: You will be sure to get a representative on the audit committee?

Hon. Mr. Macdonald: Indeed, yes.

Senator Manning: Will the steering committee be phased out once you get beyond this stage?

Mr. Ediger: Yes.

Senator Langlois: Mr. Minister, you mentioned that the Government of Canada would be free to dispose, as it wished, of its share in the output of Syncrude.

Hon. Mr. Macdonald: Subject to the law of Alberta, yes.

Senator Langlois: Yes. Is it too early to tell us your plans for the disposal of the federal government's share and through what channels you intend to dispose of it?

Hon. Mr. Macdonald: We have not yet determined that. It is obviously something that, as we get closer to 1979, the Government of Canada entity responsible will have to determine. At the moment, we have not made any decision in that respect.

Senator Prowse: With all these committees around, I am wondering whether we might end up with management by convention and end up with moose.

Hon. Mr. Macdonald: Moose have great survival power.

Senator Prowse: They eat well, too. The escalation allowances, I think I am right in saying, amount to \$350 million and the contingencies, \$140 million. Is that correct?

Hon. Mr. Macdonald: I think Mr. Foster has the breakdown.

Mr. M. B. Foster, Director, Government Finance Division, Department of Finance: In the \$2,048,000,000 estimate, there is a total provision for \$405 million for future accelerated costs and \$140 million for contingencies.

Senator Prowse: Another point I am concerned about is whether this is a partnership arrangement? In other words, will Syncrude eventually be a partner, or will it be a share company?

Hon. Mr. Macdonald: Syncrude Canada Limited is a limited company, but it is purely an operator on behalf of the joint venture. In fact, there is some debate as to the difference between a joint venture and a partnership. But, in effect, it is an unincorporated association in which the participants share in the benefits and also share in the costs to certain percentages.

Senator Prowse: Who are the actual participants in the joint venture?

Hon. Mr. Macdonald: It is the Government of Canada, the Government of Alberta and the Government of Ontario.

Senator Prowse: Who are the corporate entities?

Hon. Mr. Macdonald: Imperial Oil, Gulf Oil and Canada Cities Service.

Senator Prowse: Do those three corporate companies have their operations broken down into just a single oper-

ation, is it an umbrella for tax and other purposes, particularly tax purposes? I refer to all of their operations, production, refining and retailing. Or are we dealing with a particular corporate section here?

Hon. Mr. Macdonald: In general terms you are dealing, for tax purposes, with a single entity, a single consolidated Imperial Oil.

Senator Prowse: Maybe I could go a little further. I do not want to sound as if I am trying to cross-examine. Suppose we get to the point where everybody has put in a fair chunk of money, let us say \$1 billion, so they put half of their subscribed capital into it. It is possible at that time that you just cannot proceed with the operation. Let us say they run into a lot of clay, or that type of thing, which gives them trouble with it. Then they decide to wash their hands of the idea; in other words, take a big loss. Are they going to be able to have that loss available for the purpose of writing it off against the operating costs that they have in the area?

Hon. Mr. Macdonald: I think the answer to that is yes.

Senator Prowse: What really happens is that they do not lose a thing, provided they have got a profit in other areas to collect, but the money of the people of Canada and the provinces of Alberta and Saskatchewan goes, because they do not have anything to write it off against, except the taxpayer? They are not really risking anything at all, are they?

Hon. Mr. Macdonald: I do not know if that is quite an accurate way to put it. Perhaps Mr. Foster could add something on that.

Mr. Foster: They could not save 100 per cent. Perhaps Mr. Scrim could add something on that.

Mr. David Scrim, Co-ordinator, Financial-Corporate Studies, Department of Energy, Mines and Resources: They are not entitled to a special rebate for minerals and petroleum. It is a different rate for manufacture.

Hon. Mr. Macdonald: So on their refining operation they pay at a different rate?

Mr. Foster: Twenty-five per cent.

Senator Prowse: When the operation goes belly-up we get back into the 50 per cent rate. At worst, they are risking half their capital.

The Chairman: That may not be so. If they realize a loss on a special part of their operation as a special tax rate, I would think it likely that Revenue Canada would require them to off-set that against some type of revenue. They would have difficulty using one tax to off-set another.

Senator Prowse: Suppose this was the set up: company B lends money to company A; company A goes belly-up; company B then has a bad debt, which it can then use anywhere in Company B's holdings as a write-off against earnings.

Mr. Foster: The claim for tax purposes would not take place if there were a write-off, because the operation would be abandoned. The corporations investing in this project because they have an undivided interest in every asset that is acquired would be able to claim, for capital cost allowances and other purposes, deductions as the expenditures were made. In fact, just as they are acquiring an interest in a shovel or something now, the capital

cost allowances that could be claimed against that shovel or their interest in that shovel would be claimed now.

Senator Prowse: I thought that if I were to take a loss on an operation I could then prorate that over a period of earnings somewhere else.

Mr. Foster: We are not talking about losses but about capital cost allowances.

Senator Prowse: I am not talking about capital cost allowances. I am saying, suppose the thing goes belly-up. The guy has no money left except from a bankruptcy sale.

Hon. Mr. Macdonald: In relation to an investment that they may have made in depreciable property in which they may take a loss, to the extent that they have already taken capital cost allowances out of the depreciable property, they do not have the chance of coming around again. As to their other expenditures which are not of a depreciable nature, then on that basis it is as you describe.

Senator Prowse: What rate of depreciation are you going to allow them on the plant, the machinery and that type of thing? Because this comes back into the area I am in now.

Mr. Foster: There are no special capital cost allowance rates.

Senator Prowse: Which ones are permitted now?

Mr. Foster: This is a new mine for the purposes of capital cost allowances.

Senator Prowse: I am not familiar with that. Will you tell me what it is, please.

Mr. Foster: I believe the rate is the greater of the income from the mine or 30 per cent.

Senator Prowse: So they get the write-off on the three-year basis that way. The surviving partners would at least have the bulk of the machinery to recover from, if they had to. Or would they?

Mr. Foster: No.

Senator Prowse: They would get their share?

Mr. Foster: They would make some tax savings, but the part they could not make a tax saving on is a dead loss to them if there is income from the project.

Senator Prowse: As a matter of illustration, suppose the company goes belly-up, and the money they put into it is up to that point down the drain.

Mr. Foster: Yes?

Senator Prowse: To what extent are they then going to be able to use the loss, which presumably there will be, of their original investment, less the depreciation they have already had back, if they recovered it back, to use against their profits from other types of operations by that same corporation? Are the corporations tied up so that they would not be able to do it because it would be the same person who was claiming it? Do you follow what I am trying to get at?

Mr. Foster: I think I do.

The Chairman: I think your general question, senator, is that if the operation was a failure and if they had to write off their investment, what tax deductions would Revenue

Canada allow against other or future incomes? Is that correct?

Senator Prowse: Yes. Other or future incomes of the specific partner.

The Chairman: Of the specific partner, yes.

Senator Prowse: In other words, is there any way that one of their other subsidiaries or associates or part of their general corporate structure could use that, and to what extent could they use it in order to write that off against earned income in subsequent years?

The Chairman: That is income anywhere in the corporate structure? I guess we could leave the question with them. I imagine they would have to consult with Revenue Canada.

Mr. Foster: I think the answer is quite clear, Mr. Chairman, that if you have a million dollars invested in a project as an asset you are allowed to claim that million dollars. The income tax regulations determine the rate at which you can claim it. If it is money laid out to earn income invested in a depreciable asset, then that depreciable asset can be written off against income at the rates which are allowed. In this particular case, the corporation would be able to claim right from the very minute it starts making an investment. If at the time of deciding to abandon a project in which it had invested a million dollars the corporation had used, say, \$400,000 and there was \$600,000 undepreciated capital cost left, that \$600,000 would be deductible from taxable income from other sources. But there is no extra loss that is allowed. The point here is that even when the whole \$1 million has been claimed, if you are talking about a 25 per cent tax rate, there is a 75 per cent loss because you can only save yourself \$250,000 in taxes on the \$1 million write-off.

Senator Prowse: Suppose your partner is on a 25 per cent basis, but your partner is loaned the money from some other section of Imperial Oil, I am sure that Imperial Oil are not going to pay tax of 25 per cent or anything else. I am sorry to use the name of the company, but it came to me quickly. No corporate partner is going to be able to take 25 per cent on its refining and retail operations, surely. It is just on exploration and production operations. Am I right or wrong?

Mr. Foster: The tax deduction is to their taxable income, sir.

Senator Prowse: For the whole operation?

Mr. Foster: For the whole operation. There will be some things which generate taxable income and some things which generate taxable losses. The net is the net taxable income on which the corporation will pay its tax.

Senator Prowse: So the best they could do would be to evade their total loss by the 25 per cent income that they would ordinarily be paying on their total net income.

Hon. Mr. MacDonald: They could avoid it.

Senator Prowse: "Avoid" has a nasty connotation. I was not trying to hit anybody on the head. I just wanted to understand the arrangement.

Senator Graham: At what rate would the money be going in from the various participants? When is it going in?

Mr. Ediger: At the moment, the project is costing about \$1 million a day, and the money is going in at the moment from the three oil companies, Imperial, Cities Service and Gulf. When the definitive agreements have been completed and the government money goes in, first of all we will have to catch up and then we will also pay our share. In the case of Canada it will be 15 per cent of on going costs.

Senator Graham: You are not saying that their money is going in first?

Mr. Ediger: Their money is going in every day. The meter is running.

Senator Benidickson: We have not voted anything yet.

Senator Graham: I understand that. You are saying \$1.4 million of their money is going in before any government money goes in.

Mr. Ediger: No. When we become full participants we will have to do two things: we will have to carry out our share of the ongoing costs on a daily basis and we will have to catch up for the costs which have been spent to date.

Senator Graham: So on a proportionate basis our money will then be going in at the same time.

Mr. Ediger: Yes.

Senator Graham: Thank you.

Senator Benidickson: Mr. Chairman, while technically we have in this section of the estimates relating to the Department of Energy, Mines and Resources just two items, one being a \$1 item for the pipeline from Sarnia to Montreal, we do know that it involves a liability or commitment ranging from \$185 million downwards. We know that we are voting, for the moment—for the end of this fiscal year and for the next fiscal year—\$138 million, and we know that it is estimated that our commitment will be \$300 million here. I just mention that to remind the minister that we are coming to commitments very fast in the oil game. The last supplementary estimates, Supplementary Estimates (C), had \$385 million in connection with consumer support or subsidy on oil pricing.

There is a bill, which has not come to us yet, in connection with Petro-Canada and its summarized purpose is to establish a national petroleum company. Then we have the Canada Development Corporation who has taken over Polysar, a very substantial investment, and of course, we have a suggestion that some other corporate entity will be taking care of our 45 per cent commitment to Panarctic, et cetera. In the light of the situation at the moment, what does the minister see as some form of unification or centralization of our policies? I imagine the CDC is under the Minister of Finance, but most of these other commitments, I suppose, will come under your department.

Hon. Mr. Macdonald: Yes, senator. It is anticipated, if Parliament so decides, that the Canadian government's interest in Panarctic which represents a 45 per cent equity interest would become one of the assets of Petro-Canada and that in turn would be a corporation which would report to me and have primary responsibilities in the hydro carbons field. Incidentally it would be intended to be the manager of the government's investment in Syn-crude. In addition to Petro-Canada, of course, we have Eldorado Nuclear which is, along with Uranium Canada,

the holder of the Government of Canada's uranium assets. The Eldorado Nuclear, is, of course, operated as an operating company as well as the government's investment in the uranium refining field which again reports to me. So that in terms of proprietary corporations those are the main two entities who are involved in this regard. Atomic Energy of Canada is not so much a resource development corporation.

Senator Benidickson: We are voting something here for exploration.

Hon. Mr. Macdonald: For Eldorado Nuclear. I am sure Mr. Ediger would like to talk about that. In effect the hope is to aggregate the government of Canada's assets in the petroleum sector under the general direction of Petro-Canada. The CDC is responsible to the Minister of Finance and it has been set up on a rather different basis and on a far more independent basis than Petro-Canada. It is set up with management and with funds and its mission is set out by Parliament. It is not as closely allied in the making of government policy from day to day as Petro-Canada will be.

Senator Benidickson: Then inasmuch as we have government interests in all these enterprises and all these fields, there develops from that something in the nature of a conflict of responsibility in that we have a duty to the consumer and we also have an interest in the profitability for the investments we are making in production enterprises. Could you briefly outline what regulatory authorities exist in the pricing of oil and gas for the consumer interest, not only federally but in the provinces. I also hear it suggested that Ottawa may be setting up in the gas field some further regulatory agency in the near future.

Hon. Mr. Macdonald: At the moment, we do not have a very formalized arrangement for pricing either oil or natural gas for use within Canada. In terms of the oil pricing arrangement, it has really been by a process of consent involving the producing governments, the producing companies and the government of Canada. We have established in the last year the price of \$6.70 a barrel gathered at Edmonton. There is no formal pricing mechanism at the moment. There is a bill in the other place, Bill C-32, which has as its purpose giving to the Government of Canada the jurisdiction over the establishment of domestic prices for oil and natural gas if an agreement is not achieved between the provinces and the federal government. In terms of export pricing, it is the National Energy Board which determines the just and reasonable price of Canadian oil and gas exported from Canada—in this case to the United States—and that is the jurisdiction that is in place now and that the board has been exercising.

Senator Benidickson: Very recently at the retail level, at the gasoline pump, there was an increase of 2.2 cents per gallon, and the justification for that, I believe, is monitored by your department and not by the Department of Consumer and Corporate Affairs.

Hon. Mr. Macdonald: That is right. Actually it is by the Energy Supplies Allocation Board, another tribunal that reports to me. We monitor or we have attempted to maintain control at the wholesale level, and the retail level we concede is the responsibility of the provinces. Several provinces, in particular Nova Scotia and British Columbia—and I think also Quebec—but certainly Nova Scotia and British Columbia monitor retail prices as well. We do not do that; we monitor only at the wholesale level,

related to our overall program of establishing a single price across Canada subject to differences of transport and quality and the payment of the compensation program.

Senator Carter: On page 9 of your summary you talk about the royalty payments and say that you have made concessions on the grounds that this is a very special case, and it becomes a special case because the Alberta government has contributed large amounts to the creation of infrastructure. Now, if future operations or the future Syncrude company is set up and the government of Alberta also contributes to the infrastructure of these later companies, would they not also be special cases or have you made some arrangements whereby these would not be considered?

Hon. Mr. Macdonald: We have not, senator, except to make the statement as a matter of policy that this is a special case under the circumstances. My general view of the matter would be that hereafter the question of the fiscal regime, both provincial and federal, governing development like this is something that would have to be dealt with on its own facts. We would say in effect that if someone says, "We should get exactly the same deal as they get in Syncrude", we would put it another way—that they might reasonably be expected to pay the same level of overall in fiscal terms without exactly getting the same deal.

Senator Prowse: Is this deal different from the deal that presently is enjoyed, or suffered, as the case may be, by Great Canadian Oil Sands?

Hon. Mr. Macdonald: This deal is different. One of the ways the deal is different is that you have a joint venture here, as opposed to Great Canadian Oil Sands, which is, I think, though I am not sure of the exact legal description, a sole proprietor.

The Sun Oil Company was on its own in that particular one. Sun pays on the same basis as a conventional oil producing company would do, and we take the view that they are prepared to come ahead with the price of oil and the taxation system as they might find it, and while they have been demonstrating some fortitude in continuing on with that investment after they got into some difficulties with it, we do not feel that they, *ex post facto*, should have a change in the tax situation.

Senator Prowse: Well, they were relieved of the sales tax operation there a couple of years ago. Is that still going on?

Hon. Mr. Macdonald: I must confess that I am rather hazy on the GCOS details.

Senator Prowse: There was a \$6,100,000 rebate, I believe.

Hon. Mr. Macdonald: Mr. Scrim says that that is correct.

Mr. Scrim: That was the concession, I believe, that applied to a specific period of time, and it is no longer in application.

Senator Prowse: They are not paying sales tax?

Mr. Scrim: I believe that is correct. Six million dollars.

Senator Prowse: Do you know what their royalty is, that is paid at 7½ per cent? And are they able to deduct this, the same as Syncrude?

Mr. Scrim: The royalty arrangement with GCOS is quite different. They have a formula whereby the first 900,000 barrels per month has an applicable rate of 8 per cent, and over and above that it is 20 per cent.

Senator Prowse: The royalty rate?

Mr. Scrim: Yes. And those royalties are subject to the tax act.

Hon. Mr. Macdonald: So they are not deductible.

Senator Prowse: In other words, you have got GCOS, and generally, the only difference in their operation is that GCOS is using an excavator with revolving shovels, and the other people tend to use drag lines. Yet there are concessions being given to the second operator, which GCOS seems to have been getting by without, to their reasonable satisfaction. Am I correct in this assumption?

Hon. Mr. Macdonald: I think there are some disadvantages to being a pioneer, and I would think that GCOS measured fully all those disadvantages—

Senator Prowse: At the time they went in?

Hon. Mr. Macdonald: —at the time they went in. Indeed, this is the first year they have been in a profit situation, as I recall. They do have the advantage of having moved in at that period of time, and having a much lower investment cost involved. Their operation was in place at a very much lower investment price at a time when the petroleum price had gone far beyond what they ever expected to get. In that sense, while there have been some patches of darkness in their life, there have also been several rays of light that have shone on them.

Senator Prowse: I am just interested in a little something called "equity", and I have no financial interest, or otherwise, in GCOS, except that I admired their guts at the time they went in. If they had not gone in, I do not know whether these people would be going in now.

Senator Manning: Mr. Macdonald, could you tell us if it is the intention of the government to develop a formula of some kind in terms of which companies interested in future tar sands development can know reasonably well in advance that if they meet certain criteria they will qualify for certain conditions? Perhaps I can illustrate what I have in mind. As I understand the present position, and I can see the reason for putting it this way, it has been said that each project would be considered on its own merits.

When you keep in mind that it takes millions and millions of dollars worth of research, and particularly technological research, before any company can get to the place where it is in a position to make a formal application, I suggest that if there is a complete uncertainty as to what the decision will be at the time they make the application, we are just not going to get development, because there are not many companies that can afford to spend \$25 million doing all the preliminary things that have to be done just to take them up to the place of a formal application for a project. My point therefore, is, is it the intention of the government to try and develop some criteria according to which a group that might be interested, before they spend this \$20 million or \$30 million on preliminary work, can say, "If we do it we can qualify provided we meet certain requirements"?

Hon. Mr. Macdonald: We do not have the evolution of that kind of general criteria under examination at the

moment, and for this reason. The government of Alberta initially talked in terms of setting general criteria for the development of bituminous sands, and then departed from the policy and indicated that hereafter they would consider each case *sui generis*, on its own merits. On that basis, at least in so far as the taxation and royalty system is concerned, we feel we really cannot be definitive at this point. We do know that there are a number of potential applicants out there—more than potential applicants, there are a number of leaseholders out there—who now have the authority from the Alberta Energy Resources Conservation Board for projects, and we would see the evolution of a policy probably coming about by dealing with those individual cases as they come forward, we would expect, in conjunction with the province of Alberta.

The Syncrude project really was settled between the Alberta participants and the government of Alberta as a *fait accompli*, and then presented to us after that. We would anticipate in future projects that there would be some consultation as to the arrangement, particularly as to the fiscal terms that would apply, and from consultation on one or two of these we may be able to develop some more criteria. I think events are moving so fast, and situations are different enough that it is a little difficult, and perhaps would be rather chancy, at this point, to set out general rules of application.

Senator Carter: I would like to clarify the answer given by the witness to Senator Prowse. The rate of royalty on this Syncrude production is what interests me. Is that the general rate that applies to all, or is it a special rate applying to this company?

Hon. Mr. Macdonald: It is a special deal. Basically it is stated to be an option between a 7½ per cent royalty on the gross product, that is the gross volume produced, or 50 per cent of net profits. "Net profits" is very extensively defined within the arrangement between the Syncrude partners and the government of Alberta.

Senator Carter: That is what is being deducted. That is what is being exempted.

Hon. Mr. Macdonald: Whichever those two payments the government of Alberta chooses is what would not be included in its income for corporate taxation purposes.

Senator Carter: Mr. Minister, now that we have a more realistic assessment of the reserves available and the cost of getting production out of those reserves, and having regard to the uncertainty now of world prices and the possibility of a lowering of world prices, has not the weight of evidence shifted in favour of a continental oil policy or energy policy?

Hon. Mr. Macdonald: I do not think so, senator. I would not say so, because of the uncertainties that are there. You referred to reserves being better known, and their costs being better established. I would have to say that the most potential reserves, namely north of the 60th parallel in the Canadian Arctic, are not as well known as they will be, for example, in five years, after the continuation of the current drilling programs. At the moment the cost of bringing them to production, and then to market, is very speculative. So at this point I do not think we can be very definite as to what we have there, and at what dollar value we could deliver it into Edmonton.

In any event, I would have to say that the rhythm of the investment in this area should primarily be set by Canadian

needs. That is not to say, however, that we would exclude for ever and hereafter any possibility of export to the United States or anywhere else. Primarily the rhythm of Canadian needs would set the rate of development. It could be because of the necessity to put into place a very large production system that a surplus would be available for export. We consider it, however, as being primarily Canadian needs which would dictate the rate of development, rather than having it there and developing it as quickly as it can be sold.

Senator Carter: I was not thinking so much of the rate of export. In my opinion we should protect our own needs. I was thinking more in terms of technological development, which certainly is at a much faster rate south of the border than we can develop it here. Another point I regard as very important is the stabilization of cost of production over a fixed period of time, for instance 20 years. We have a much better base on which to stabilize the costs and a greater variety of energy sources to utilize.

Hon. Mr. Macdonald: Certainly with regard to the petroleum it will be very difficult to stabilize costs, particularly if we are anticipating substantial production from oil sands. In the case of conventional oil production the heavy costs, relatively speaking, come at the outset for finding and developing the field and thereafter the production costs are relatively low as compared to the oil sands. We know the oil is there, but it involves an enormous mining and manufacturing cost to extract it from the earth and process it. Therefore we will continue to have a cost problem in relation to hydrocarbons.

In terms of electricity, of course, we are in a rather better position to stabilize costs, with hydro-electric power, of course and with the relative cost incidence insensitiveness relation, in relation to hydrocarbons, of nuclear power systems.

Senator Langlois: Mr. Minister, am I correct in my interpretation of some of your remarks this morning, in which I understood you to say that the joint venture feature of the participation in the tar sands development will survive the development period, after which the operation would be delegated to Syncrude Canada Limited?

Hon. Mr. Macdonald: The construction in the first phase and the on-the-scene operation will be carried out by the corporate entity Syncrude Canada as the agents for the participants in the joint venture.

Senator Langlois: The operation?

Hon. Mr. Macdonald: Yes.

Senator Langlois: Am I also correct in interpreting your remarks as meaning that the federal share would be held through Petro-Canada?

Hon. Mr. Macdonald: Yes.

Senator Langlois: What happened to the 30 per cent interest that Atlantic Richfield had at the time of parting with the project?

Hon. Mr. Macdonald: In effect, their sunk costs, the funds they had expended until December 31, 1974, they have had to write off at a loss. Of course, to that extent they accrue to the benefit of the continuing participants and we new participants.

Senator Graham: Do you have any idea of what that amount might be?

Hon. Mr. Macdonald: A good, round figure is \$48 million.

Senator Prowse: Is that their share, or all participants?

Hon. Mr. Macdonald: It is their share. They made a settlement this week with their ex-partners, which may change this by several million dollars, but I think that is a good order of value, \$48 million.

Senator Prowse: Are there any earnings in Canada against which it could be written off?

Hon. Mr. Macdonald: They have fairly good production in Canada and would be able to write that off. In fact, I am sure they have done so.

The Chairman: I believe the Government of Alberta has an option to convert a debenture or loan to equity. Do you happen to know the terms of that option?

Hon. Mr. Macdonald: The Government of Alberta wound up with two options. It had an original option to acquire 20 per cent of the initial project before the withdrawal of Atlantic Richfield. Some additional investment to be made by Canadian Cities Service and Gulf Canada was to be an investment financed by a loan from the Government of Alberta to those two companies on a convertible basis. I am not sure whether they have followed through on that. We would not necessarily know.

In effect, it would have enabled them to convert their loan into a share of Canadian Cities Service and Gulf Canada in the equity. So they have the potential to increase their equity by 20 per cent and perhaps, depending on the arrangements between those two companies and the Government of Alberta, by some further percentage.

Mr. Ediger: As I understand it, the Government of Alberta will loan approximately \$100 million to Gulf and to Cities Service. That loan will be secured by, among other things, convertible debentures. So that they have the right under the Syncrude option for the Alberta Energy Corporation to exercise an option which ranges from 5 per cent to 20 per cent. Then, in addition, the Alberta Government can increase its direct participation if it converts the debentures.

Senator Benidickson: Is that with respect to the development of oil in the tar sands?

Mr. Ediger: No; it is Syncrude.

Hon. Mr. Macdonald: It is the Syncrude project.

Senator Manning: Is it the intention in the future negotiations which have to be completed in connection with this project to attempt to arrive at a mutual agreement with respect to the future marketing policy and pricing of this oil? 30 per cent of this production belongs to governments: 15 per cent to Canada; 10 per cent to Alberta; and 5 per cent to Ontario. 100 per cent of the production goes through the Alberta marketing agency. Let us suppose that the Alberta marketing agency decides that they will sell this to a company in British Columbia and move it out through Trans-Mountain Pipe Lines. The Province of Ontario requires their portion in Sarnia; the Government of Canada wants its 15 per cent at Montreal; what happens?

Senator Prowse: All hell breaks loose.

Hon. Mr. Macdonald: I would have to say that the Government of Alberta was rather explicit with respect to this point. They said that now the Government of Canada was coming in as a commercial participant. We said we understood that and were entering on that basis. So we participate without any, if they exist, claims of superior prerogative of the federal government to take its share as it wishes. Therefore we are totally subject to the law of Alberta, including the decisions of the marketing commission. I am not sure of the extent to which negotiations have been carried on with respect to that point. We regard this as being a net addition to the indigenous petroleum supplies in Canada and any net addition to the petroleum supplies in Canada will be of value to overall Canadian users.

I do not have a very fixed opinion at this point as to whether it should go to Ontario or British Columbia or should be used in a Saskatchewan refinery, or whatever may be the case. Ontario may have another viewpoint on this particular question and I am not sure whether they have had discussions with Alberta as to how their share would be available.

Mr. Ediger: I would like to say that we are aware of this problem and it will be a consideration as we negotiate the details of the definitive agreement. Each participant in Syncrude, existing and new participants, not only has the right but the obligation to take its share of the production in kind. Therefore, presumably they would have, under the existing regulatory agency in Alberta, certain commercial flexibility.

Hon. Mr. Macdonald: I have not been deeply concerned about this. For example, it could be that the Alberta Marketing Commission would say, "Look, we are going to need this in the Edmonton refinery." On the assumption that it is taken into the Edmonton refinery, other crude would be available for other markets in Canada. It is really an addition of the Canadian supply, and we have not thought of trying to direct its disposition.

Senator Manning: I agree it is an addition to the Canadian supply, but as production of the conventional industry in the West increases, their aggregate volume, even with this, is still going to be less for current Canadian supply. I see at that point a danger of some serious disagreement arising under this arrangement where you have a provincial marketing agency handling a product on which at least two other governments have some claim by virtue of the fact that it can be claimed by them in kind. If there is some way of determining how this problem will be faced, if and when it arises, it seems to me that would be a much wiser course than to let it develop ultimately into a confrontation and then try to resolve it.

Hon. Mr. Macdonald: We anticipate the problems you refer to, both with regard to petroleum and natural gas—not just because of the interest of the Government of Canada as proprietor in this project, but from the point of view of the competition in natural gas which will occur if you have a finite supply and which is exceeded by demand outside the province of Alberta. At that point we would think we would have to seek from Parliament authority for the National Energy Board to work out an equitable national allocation of natural gas moving into interprovincial commerce. The same principles would apply to

petroleum. The problem is one of better application. It would be further complicated by the fact that we are the proprietor of the oil. It is a problem that we would have to face.

It would be a correct statement of the law to say that we are not in a position, either as a proprietor or as a national government, to exercise any dominion over oil or natural gas which is applied to provincial use within Alberta. We have taken the view that it is for the province to determine, under its own processes, what it needs for its own requirements, and we are then exercising a national policy on that which is authorized for removal either for export to the United States or for other provinces in Canada.

Senator Manning: I should probably say for the record that personally I believe the transfer of these resources to the provinces under the natural resource agreement gives the provinces complete control over their development and marketing. Notwithstanding that fact, which I think is the legal, constitutional position, it is in the interests of the provinces, and of the whole of Canada, to try to develop a marketing policy mutually agreed upon rather than have constitutional hassles down the road as to whether the federal government has the right to say.

Hon. Mr. Macdonald: I agree that that would be totally desirable. Talking about these questions in the presence of Senator Manning reminds me of the story of the man whose sole social asset was his ability to talk about the Johnstown flood. Having been a man who had lived an exemplary life, in due course he appeared before St. Peter, and St. Peter indicated that as one of his initiation ceremonies he would have to tell a story, sing a song, or do something to entertain the rest of the inhabitants. He explained that he was a great authority on the Johnstown flood, and St. Peter said, "Well, of course, you can talk about that if you wish, but I want you to remember that Noah will be in the audience."

Senator Manning: I do feel a little old at times.

Hon. Mr. Macdonald: I feel you should be lecturing me and that I should not be speaking about these matters about which you have been concerned for the past 25 years.

Senator Manning: I think, on that note, I shall terminate my questioning.

Senator Prowse: Have any overtures been made to Great Canadian Oil Sands to increase its output?

Hon. Mr. Macdonald: As a matter of fact, senator, they have under contemplation an increase in output. They went from initially 30,000 barrels, they are now, or will be, at a level of 45,000, and their further intention is to go to 60,000. I think very likely the determining factor at this point has been that they were concerned about the escalation of construction and equipment costs, and they felt this was a market which at this point they could afford to stay out of. I hope they will go ahead and make the decision to pick up the additional 15,000 barrels a day.

Senator Prowse: They were offered the same kind of terms even without government participation in the financing. They have not said anything to you about that, which would lead you to believe that they were prepared to, say, double their operation, because they have had a lot of experience?

Hon. Mr. Macdonald: They have not said anything to me. I do not know whether it has been discussed at the official level.

Senator Prowse: For the purposes of comparison, do you know what the API, the synthetic oil comes out at, roughly? It should be available from the GCOS at the present time. Is it contemplated they will be using the same processes of reconstruction or manufacturing?

Hon. Mr. Macdonald: It is basically the same processing. They will be taking out the heavy ends for processed energy, for, in effect, cooking purposes. It comes out at a relatively high quality. I take it that will be the case in regard to Syncrude. Can you give me any estimate in qualitative terms, Mr. Buchholz?

Mr. Buchholz: It is about 30, I believe, for GCOS.

Hon. Mr. Macdonald: Dr. Montgomery is at the back of the room. Perhaps he could comment.

Dr. D. S. Montgomery, Head of Fuels Research Centre, Department of Energy, Mines and Resources: The average would be about API. There are three independent streams, gasoline, naptha, and diesel. These streams are recombined after refining and put into the pipeline. The material which they are producing is actually far too good, in the sense that they cannot use the fact that they have already separated the oil streams into three different cuts. They have to put it back together to go into the pipeline.

Senator Prowse: Can you tell us whether the new operation will use the same technique, whether they can shortcut that separation in recombining?

Dr. Montgomery: It is a long-term design of all those companies to be able to have multiple pipelines, but at the present time no such plan is in the works. There is only the single pipeline.

Senator Prowse: You would need to have much more than the 15,000 barrels to justify separate pipelines, one for naptha, another for gasoline and another for diesel.

Dr. Montgomery: Syncrude would have to have a production of 125,000 barrels a day. GCOS would have to be up to 70,000 or 80,000 barrels a day.

The Chairman: What would be the quality of that gasoline?

Dr. Montgomery: The gasoline, actually, is well below the specifications in terms of sulphur. The grading is about 55. It would require substantial upgrading for conventional use.

The Chairman: It would have to go through a cracker reformer?

Dr. Montgomery: Yes.

The Chairman: It could not go through this new finished products pipeline?

Dr. Montgomery: Which product line are you speaking of, Mr. Chairman?

The Chairman: I believe they are building one from Edmonton through to Winnipeg.

Dr. Montgomery: I would say the answer to that would be no.

Senator Prowse: Do you know whether there are any new processes that are being contemplated by the company as compared to the techniques that are available now? I am not asking you to let us in on any special company secrets.

Mr. Foster: I think that generally comes under the heading of optimization.

Senator Prowse: That is a nice word. As one fellow said to me, have you got three little words that say the same thing and tell me a little more?

Mr. Foster: They are trying to do it better, in three little words.

Senator Prowse: They say they hope to be able to do it better, but so far they don't know how?

Mr. Foster: They think they know how.

Senator Prowse: I saw something the other day where somebody was talking about the fact that Alberta was not going to allow them to use coke for their energy production. I presume that was for environmental reasons. Can you tell us anything about that?

Dr. Montgomery: Are you referring specifically to the Syncrude operation, senator, or are you now talking about GCOS?

Senator Prowse: I am referring to an article that I read recently in one of our newspapers to the effect that they are going to have to burn some of their fuel rather than coke in order to get the power necessary for their operations.

Dr. Montgomery: That is partly true. In the Syncrude operation, the CO boiler is located in the refinery, and that is where the coke is actually burned to CO. The CO is transported hot to the powerhouse and is burned the rest of the way to carbon dioxide in the powerplant. Half the combustion of the coke takes place in the refinery, going to carbon monoxide, and the rest of the combustion takes place in the powerplant, going to carbon dioxide. The balance of the heat requirements are made up from cracked gas and natural gas to supply the total energy requirements for the complex. This allows Syncrude to meet the new stringent Alberta atmospheric pollution requirements, which is 0.2 parts per million for 30 minutes exposure, ground level.

Senator Prowse: I believe there is power on the Athabasca River for the West. Has there been any suggestion of getting hydropower for the production of the steam or heat you require as opposed to burning the petroleum products, or would that be more expensive?

Dr. Montgomery: In general, senator, the answer to that is that it is more expensive to use electrical power. The Alberta energy company will be connected to the Alberta electrical grid. The reason for that is that when the drag lines bite into the Tar Sands simultaneously, this puts a very heavy load on the power source, and in order to stabilize the load, they wish to be connected to the Alberta grid. Over the year, they do not anticipate that they will have a net outflow of energy but will be slight users.

Senator Prowse: Has consideration been given to using atomic power, or is it economically not feasible to use atomic power for the purposes of this large amount of

power that is going to be required for the total operation or production of synthetic fuel oil?

Dr. Montgomery: At the present time, the cost of power based on coal tends to discourage the use of atomic power for this purpose. Over the long term, I think one would have to say that it would become a desirable strategy to stretch out Canada's remaining oil resources for the longest possible time and to trade atomic power for increased oil production. At the present moment, one would have to say that this looks as though it is quite a few years away before becoming anything more than an engineering study problem which already the AEC is engaged in.

Senator Carter: You have to use up power to produce power, use up energy to produce energy. Have you made any estimate of the net gain in energy?

Hon. Mr. Macdonald: Turning it the other way around, it is about 60 per cent efficiency. Therefore, 40 per cent is used up either in the process of production or it is lost otherwise.

Senator Prowse: Do you not have that reversed? Is it not that for every three barrels that you scoop out of the tar sands, you end up with one barrel of synthetic oil?

Dr. Montgomery: Actually, I think you have it reversed.

Senator Prowse: Well, it is a very common misconception.

Dr. Montgomery: It is, and it also has mixed into it heavy oil as distinct from Athabaska Syncrude processes. The minister is quite correct. The energy efficiency of the operation is in the order of 65 per cent.

Senator Prowse: That is better than I expected. I think it was Mr. Spraggins who was quoted as saying that by the time that it got on stream, or a little further down stream, the world price of oil will be in excess of \$16 a barrel. Is there any truth to that figure that is bandied about and, if so, as far as your experience permits, is this what we are looking at in the reasonably near future.

Hon. Mr. Macdonald: I would have to say, Senator Prowse, that the deserts of energy policy are littered with the dry bones of those who tried to predict what the world price of oil will be three years hence. We are in death valley right now. Certainly, if OPEC is successful in not just holding at the present monetary level but in accelerating prices through to 1979 in real terms, you would be in the \$15 to \$16 range. Obviously, the next question deals with the rate of inflation in that period.

Senator Prowse: We will not get into that. We have enough troubles now. About 18 months ago the Department of Energy, Mines and Resources came out with its report in which there was reference to the fact that with a price of \$5 or \$6 a barrel for oil, coal began to look attractive as a substitute for oil. The South Africans, of course, have been using coal since 1955 and, I gather, are doing rather nicely. With coal plants apparently available in the neighbourhood of \$400 million, was any thought given at this stage to keeping the tar sands as a strategic reserve? I would think the lightly covered over coal areas in western Canada might give us diversification and security, and a better bargaining position in buying from offshore, if somebody would now start a synthetic coal plant.

Hon. Mr. Macdonald: You mean liquefaction?

Senator Prowse: Liquefaction. Never mind the other.

Hon. Mr. Macdonald: I do not know what the current dollar equivalent would be of synthetic oil from coal at this point.

Dr. Montgomery: Let me say, in fairness on this question, that it has been of concern, I would say, since the last war.

Senator Prowse: When the Germans did very nicely with it.

Dr. Montgomery: Right. In this connection we evaluated many of our Canadian resources westward with this specific object in mind, of determining what coals in fact were suitable. We completed that work. The second problem, however, is the one of scale. If you are actually going to produce a 100,000 barrels a day plant—which is a little less than Syncrude—what you are saying is that you are going to have to mine something like 40,000 tons of coal a day, which means that you have a very large mining problem on your hands.

Senator Prowse: You have a lot of coal too.

Dr. Montgomery: Probably we will be actually getting the draglines and so on to operate. In fact, you find that you are mining 15 million tons of coal a year, which is, say, three-quarters of our total Canadian coal output.

Senator Prowse: About three-quarters of what we are doing right now?

Dr. Montgomery: Right. Clearly this puts a great weight on the railroads and the entire infrastructure. And, of course, we have no orders in on the question of delivery for the coal mines.

Senator Prowse: When you start talking about infrastructure and everything else, you have missed the question. If we are going to change the coal into synthetic oil, presumably we are going to have it where the coal is. What you need is coal, water and power. If the power is not where the coal is, then the cheapest source we have is the same coal that we are going to be working with. I understand that South Africa has been producing approximately 10 per cent of their supply from their SASOIL plant since 1955, and that by the end of this year or next they will be producing 30 per cent of their requirements. Granted that their labour costs are lower; with strip mining labour is not that much of a problem. The big conveyors have the movement problem, but a big dragline can work in competition with a couple of hundred natives in South Africa.

Now we come to this. It seems to me that while it is not perfect it can always be improved, and it might be worth our while to get started on this. We are going to have to pull the coal out of the hole move it a matter of a few yards to a plant and put the plant on to a pipeline. Has any thought been given to this?

Dr. Montgomery: Yes, indeed. The problem here is that if you are going to mine 40,000 tons a day it is very difficult to draw that all from one mine. The quantity is so large that you have to distribute it. It is true that you try to minimize the length of transport to the plant to the absolute optimum. What I am saying is that physically it is still a very large project. My understanding is that SASOIL is currently producing about 7,000 barrels a day, which by North American standards is rather small.

Senator Prowse: My information from the embassy here, which I checked just a week ago, was that they were getting five per cent of their requirements. This was being done in competition with oil from the Gulf at around about \$1.80. In any event, when we start talking about \$10, \$12 or \$16 oil, I would think we could do a little moving, and the income would be very welcome to our railroads. We do have the coal in Saskatchewan and Alberta not too far below the surface.

Dr. Montgomery: Is this a question?

Senator Prowse: It is a question. In other words, all we are looking at is oil companies. We are petroleum oriented and this is looked at as a kind of exotic creation. I am wondering whether it has been given a thorough examination as an alternative or additional source to meet the shortfall anticipated around 1980.

Dr. Montgomery: I think we would have to say that we have certainly looked at this problem. We have looked at the question of, first of all, outlining the resources of coal in western Canada and looking at the quality. We are quite confident that the capital required to open the mines and develop either a Fischer-Broche plant or a Bergius plant will be of the same order; we will be talking again of billions of dollars, like Syncrude, because it is a very similar type of operation. You have got a great big mining operation; you are following it with a more difficult refining operation; you have to generate a lot more hydrogen, because this is the thing you are using to upgrade the balance of the coal to liquid fuel. Because of the magnitude of this problem it will certainly take a good many years of work to set the framework, to get a realistic assessment of exactly what it will cost in relation to, say, even the tar sands plan.

Senator Prowse: Is there any place I could at the present time get a map to show in what areas of Canada coal is available, indicating the type of coal, the amount of coal in place and how far below the surface it would be?

Dr. Montgomery: I think we would have to say there is no single publication that has all that information in it, or the mineability and so on. These are topics that we are currently working on very hard, as fast as Parliament will give us the money to proceed.

Hon. Mr. Macdonald: We would certainly have some of the constituents on which to respond to part of that question.

Dr. Montgomery: The problem here is that a lot of information is currently available on what are called proven reserves from existing mining companies. This is very well outlined. There is no problem there. The problem is in the areas that are far less well defined in terms of drilling and mineability. There is difficulty in this respect, that there always has been a sort of aura of optimism concerning the ease with which the coal can be extracted from the ground. I think we would have to say that a great many of the figures that have been bandied about, geological estimates and so on, have to undergo considerable reduction in the light of what you can bring to the surface at reasonable cost. A great deal of our western Canadian coal is also extremely dirty. It will run 15 or 20 per cent mineral matter. In fact, some lignites run at 35 per cent mineral matter. This also has to be taken into account.

Senator Prowse: But no sulphur, or very little sulphur in the lignites and the sub-bituminous.

Dr. Montgomery: That is low on a pound basis, but on a BTU basis it is at what might be called a moderate level.

Senator Prowse: It is certainly not an impossible or difficult level.

Dr. Montgomery: Certainly most of our Western Canadian lignites we know already we must clean.

The Chairman: I think we have pursued that question far enough, senator.

Senator Benidickson: Mr. Chairman, when we discussed last week the advisability of asking the minister to appear before us, which I think has proven very profitable, I indicated that I would be interested in this subject, upon which we have already heard questions, namely whether the tax concession would be in the nature of an exclusive arrangement for Syncrude, wherein the government would be a partner. I am glad Senator Prowse raised the question with respect to the Great Canadian Oil Sands, because I visited that property at Fort McMurray last summer on a tour of the Arctic with Senator Cameron and some of his graduates of the Banff School of Business Management. I cannot describe my impression any better than by the remarks of Senator Prowse. I came away admiring their guts. I do not think that we would have Syncrude in its present stage if it were not for the combination of the pioneering of Great Canadian Oil Sands and the new price of oil.

My question, which I indicated on meeting the minister casually recently, is in the same area, as to whether the tax concessions will be exclusive? As Senator Manning has indicated, the people want to know about these things before they go very far in development. I indicated that I would like to know whether the minister has yet replied to a letter made public from Home Oil which, I believe, is the company that can be best described as being under Canadian control more than any which have shown an interest in the tar sands to date. I wonder if the minister has replied to that letter; and, if so, what he said. If he has not replied, I would be curious as to just when a reply of this importance might be forthcoming.

Hon. Mr. Macdonald: I would have to say, Senator Benidickson, that I am not sure at the moment if an acknowledgement of that has gone out.

Senator Benidickson: The newspaper indicated there had been a temporary acknowledgement.

Hon. Mr. Macdonald: I would rather expect that the next move would be to carry on discussions with Home Oil with respect to this particular question. I would have to confirm as to whether there has been any discussion of this at the official level. Basically, I would say that with regard to Home Oil, the Petrofina consortium and, indeed, Shell Canada, we would be quite ready to meet them to discuss the implications of this.

Very obviously, with respect to the tax question in particular this outruns the responsibilities of my portfolio and involves other departments of the ministry. However, I would think that the next step would be to obtain, perhaps, a better definition of what they have in mind, and on that basis we can perhaps respond a little more fully to the queries posed by Mr. Phillips.

Senator Prowse: In my opinion it is proper to acknowledge and claim for Senator Manning a great deal of credit for what is happening in the tar sands now. During his

stewardship in the province of Alberta the original research and pilot plant work to cover the process, which is basically the recovery work which is now proceeding as a matter of fact in the tar sands, was carried out. In my opinion Senator Manning should be given, particularly at this time, full credit for that activity, to which I believe he is entitled.

Hon. Mr. Macdonald: I would like to follow that up, senator, by saying something which I should have said at the outset and which perhaps should be repeated every time we discuss this question. That is that faced with all the difficulties involved, of cost escalation, uncertainty as to the future price of oil, the problem of federal-provincial jurisdiction and the sharing of revenues, the question is posed: "This development is so difficult. Why the oil sands? Why not something else?" The firm reality of the matter is that in the mineable oil sands we know there exists 22 billion barrels of oil, which is more than twice the remaining reserves of Canada; also that this is a resource which we just really cannot afford to ignore. In relation to the Syncrude project, in particular, a certain momentum had been established leading toward a better industrial process for recovering this oil, and we felt from a national standpoint that we just should not lose this petroleum option.

I am not responding to any particular comment, but I should have said that at the outset in response to the basic question: "Given all the difficulties in this operation, why are you spending so much time on it?" For the record, I simply want to say that is why, because it is a great national option.

Senator Prowse: If I said something that indicated a criticism of this, I would just like to say very briefly—

The Chairman: All you did was to trigger something in the minister's mind which he had overlooked.

Hon. Mr. Macdonald: Really, it followed on your remarks concerning Senator Manning. In essence, if the initiative had not been taken to develop the technique in the first place, we would not be so far along as we now are. However, unless we follow on again by trying to apply it in this scale of plant we will not make any progress with this enormous asset.

Senator Prowse: I do not consider this to be wrong, but I think other things are also possible.

Senator Benidickson: We certainly are finished with the items under "A" with respect to petroleum energy. However, there is an interesting item for a further supplementary on a very important program, with which I am not acquainted. That is the Canada Centre for Remote Sensing, for which \$6,600,000 has already been appropriated, and you propose to transfer from another source in the votes an additional \$351,000. What is the function of the Canada Centre for Remote Sensing?

Hon. Mr. Macdonald: I would ask Dr. Charles Smith, the Assistant Deputy Minister, Science and Technology, to respond to that question.

Dr. Charles Smith (Assistant Deputy Minister, Science and Technology, Department of Energy, Mines and Resources): Mr. Chairman, the Canada Centre for Remote Sensing was established about three years ago. It carries out the federal government's interest and responsibility for the development of all new technology related to

remote sensing and its application to Canada. This new technology is developing into two different modes. One is through the use of the earth resource technology satellite, which was launched in the United States about a year and a half ago, and provides us with a complete photographic coverage of Canada every 18 days. This information is gathered at a receiving station in Prince Albert, is transmitted to Ottawa and processed and sold to the public. It can be bought from our National Air Photo Library and it is disseminated to a number of users who are using it for applications such as monitoring crops and ice coverage in the North for transportation purposes, and so on.

This is indeed a new experimental program, and we are trying now to develop the applications for it. I think in a few years the application of remote sensing from satellite will become quite well accepted and you will perhaps see it on the television just as you see the cloud coverage at present.

It is providing us with a means of updating our topographic mapping program, and so on, because at present it takes us many years to get around and find out where the new roads and cuttings are, to update the culture. Now, with a satellite, we can do this on an 18-day cycle provided the cloud cover is not interrupting the program.

In addition, we have four aircraft which are operated for us by the Department of National Defence. These aircraft contain special sensors which are used to monitor pollution and identify hot spots. We are currently carrying out surveys in the West—

Hon. Mr. Macdonald: Are those political hot spots?

Dr. Smith: It might be interpreted that way, but at the moment they are hot spots around Radium Hot Springs, and so on. They are being used by B.C. Hydro to attempt to identify our potential geothermal sources for possible power development in the long term.

The particular amounts which are identified here in the estimates relate to cost overruns, specifically because of increased charges by the Department of National Defence for operating the program, and increased costs from the Department of Supply and Services for the administration

of contracts related to the procurement of instruments. I could go on.

Hon. Mr. Macdonald: Please don't!

Senator Benidickson: It is indicative of the fact that while the spotlight is on some other activities within the minister's responsibility, it is a department of fascinating interest and new developments. With respect to another item about which normally we might be expected to ask, I refer to page 22, the payment to Eldorado Nuclear Limited for a program of uranium exploration. We all realize that last week we were given an explanatory paper with respect to that. If we had time this morning, it would be a most interesting story, I am sure.

Hon. Mr. Macdonald: Mr. Ediger is probably the best person in Canada to expand on that question.

Mr. Ediger: Briefly, the amount represented here is the amount that was spent during 1974—our calendar year 1974, and the first quarter of '75—under the arrangement where the Government of Canada made funds available which would enable Eldorado Nuclear to get back into the exploration field. The funds were spent in the area of our Beaver Lodge operations, on our joint venture in Quebec with the James Bay corporation, and in other areas of Canada. It is the first step in a very important and aggressive exploration program that my company is mounting to find and develop Canada's uranium potential.

Senator Benidickson: Is it this company or an associated company which Mr. Gordon Lawson is a director?

Mr. Ediger: Mr. Gordon Lawson is one of our directors, yes.

The Chairman: Are there any further questions?

Honourable senators, on your behalf, I thank the minister and his officials for appearing before us today to answer questions, and I commend honourable senators on the questions they asked. The committee will now adjourn.

The committee adjourned.



Government
Publications

FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*

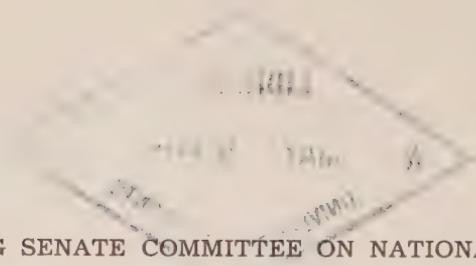
Issue No. 11

THURSDAY, MARCH 20, 1975

Sixth Proceedings on

The examination of the Estimates of the Manpower Division
of the Department of Manpower and Immigration for the
fiscal year ending the 31st March, 1975

(Witnesses: See Minutes of Proceedings)



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The Honourable Herbert O. Sparrow, *Deputy Chairman*.

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**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, March 20, 1975
(11) ... (6)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9.30 a.m.

Present: The Honourable Senators Everett (*Chairman*), Benidickson, Carter, Croll, Desruisseaux, Graham, Grosart, Neiman, Prowse, Robichaud, Sparrow and Yuzyk. (12)

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

The Honourable R. Andras
Minister of Manpower and Immigration
Mr. J. L. Manion
Senior Assistant Deputy Minister (Manpower)
Mr. A. E. Gotlieb
Deputy Minister of Manpower and Immigration

Present but not heard by the Committee:

Mr. Fernand Godbout
Acting Assistant Deputy Minister, Administration (Manpower)
Mr. Dennis Findlay
Acting Director, Manpower Employer Services Branch
Miss Kay Thomson
Manpower Co-ordination Branch
Mr. J. A. Hunter
Director, Manpower Co-ordination Branch
Mr. G. C. Botham
Manpower Training Branch
Mr. L. E. St-Laurent
UIC—Policy Planning
Mr. P. B. Fay
Director General, Strategic Planning and Evaluation
Mr. D. Toupin
Director General, Manpower Client Services

In attendance:

Mr. H. J. M. Cocks, Director of Research and Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Center.

The following documents were ordered to be printed as

Appendices to these Proceedings:

Appendix A—"The Canada Manpower Centre"

Appendix B—Table showing—Landed Immigrants in Canada who were Registered as Farmers and Farm Workers 1967 to Sept 1974

Appendix C—"Canada Manpower Mobility Program"

Appendix D—Outreach Program, Special Programs Branch Summary of Job Placements Made by External Outreach Projects April-September 1974

Appendix E—Types of Job Vacancies Reported to CMC's By Skill Classification

Appendix F—Pilot Projects

Appendix G—Canada Manpower Training Program (CMTP) Distribution of Language Training By Region 1973-74

Appendix H—Unemployment Rates

Appendix I—Ratio of Youth Unemployment Rate to Total Unemployment Rate

Appendix J—Unemployment by Age (000's)

At 12.50 p.m., the Committee adjourned; the meeting was carried *in camera* until 1.10 p.m. when it adjourned until 3.00 p.m. the same day.

ATTEST:

Georges A. Coderre,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, March 20, 1975.

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, we will resume our hearings on the Manpower Division of the Department of Manpower and Immigration. We are fortunate to have with us this morning the Minister of Manpower and Immigration, the Honourable Robert Andras. On his right is the deputy minister, Mr. Gotlieb; and on Mr. Gotlieb's right as you all know, is Mr. Manion.

Mr. Minister, do you have an opening statement?

The Honourable Robert Knight Andras, Minister of Manpower and Immigration: Yes, if it is acceptable to you to make a few opening comments, I should like to do that. These are based on the deliberations of the committee, as I have read them.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Andras: Thank you, Mr. Chairman and honourable senators.

I might say that I spent until about 1.30 this morning reading as much of the transcript of your proceedings as possible, and of course I had done some of that before. It is obvious to me that during the past several weeks the officials of my department have been presenting to the committee quite a detailed description of their functions. I note from the chairman's comments that the paper is accumulating in the course of describing our manpower centres, our employment services, our job creation and training programs, and I am very gratified to hear that several senators have taken up our invitation to go and see manpower centres on the ground, as it were, in order to familiarize themselves with the concepts and the workings of the programs and services of the new job information centres. What is even more important is that they have talked to some members of our staff. I hope it was a useful and informative activity. I might tell you that the reports I have had would indicate that it was very valuable for our staff to receive parliamentarians from the Senate and from the House of Commons. We have had expressions of appreciation from them that you took the interest and the time to see them and to see our facilities.

As I indicated, I have been following the deliberations of the committee with very great interest, and in fact I will say, Mr. Chairman, that I have been learning a great deal of detail that time schedules and the responsibilities of being a minister do not always permit, and in light of the

detail you have had I should like to keep my comments as brief as possible.

I would like to try to touch on one or two questions that seem to be at the centre of your concern, if I interpret your questions and comments adequately. I think one of those concerns that I have detected is about the job information centres themselves—there may be a feeling that in introducing the job information centres we have made our counsellors less accessible to our clients and to employers, and I guess there have been some examples given here of cases where clients walk into our job centres and perhaps wander aimlessly about the office and then go out without having received the service that they should receive. I think, and I am sure it is based on sound evidence, that if that has taken place, the instances are rare, and they may be due, in part, to the fact that we have really only introduced the job information centre concept within the last year or so, and we quite frankly admit that there are still some bugs to be worked out. We have some experience to gain in the implementation sector.

However, I want to reassure you that the very opposite is the objective of this change. We are not trying to hide the counsellor from the client: we are trying, instead, to bring information about jobs and the labour market out from behind the counter, where it was certainly less accessible, and to make it available to our clients on an open basis. Contrary to the idea that we may be trying to dilute our services to the clients, we really have absolutely the opposite objective in mind, and I think our experience of the last year would indicate that we are heading toward the achievement of that.

No client, of course, is obliged to use this new service unless he wants to, and in that sense I would describe the client as the employee seeking the job. Regarding the other client, the employer, who prefers that his vacancies not be listed with the job bank, we will observe his wishes as well.

Another factor is the question of balance of service to employers and employees or workers or people seeking employment. In the United States we know that in recent years, particularly, employers have been critical of the emphasis that the American service has been placing upon disadvantaged clients in their state employment offices. While we have tried to guard against any undue emphasis on behalf of one group to the detriment of another, we feel—and we make no apologies for this—that we have beefed up and enhanced our service and our attempts to service those people who need special attention. But there is, I am sure, no doubt that, depending on one point of view or the other, we are often perceived as working for the “other side”, if one can use that contrast between employers and prospective employees.

We have heard complaints that employers feel we are trying to push marginal employees or marginal prospective

employees upon them. On the other hand, people seeking jobs feel that sometimes we are trying to push them into accepting marginal jobs in terms of working conditions, pay and so forth. I suppose the truth is that there may be marginal jobs for marginal clients and vice versa. That is a fact of life.

Anyway, the problem we face, and will continue to face, is that there are employers with marginal jobs and there are workers who are not very happy in accepting them, and both are often unrealistic in what they expect. But we are conscious of the importance of meeting the needs of both the employer and the employee in the interests of both.

I have to say that until such time as we—and I do not mean just Manpower or even government but the whole of society—have the power or influence or persuasion to adjust the needs of one to the needs of the other—and I must say that employment services throughout the whole of the western world are wrestling with this problem—until there is some improvement in that, and there is always some improvement taking place, there really is no complete answer to that problem of total compatibility with the objectives of employers and the objectives of the employees.

There was mention, I note, in the discussion so far about private employment agencies. As I indicated when I appeared before your committee, earlier, I was in Germany and France in the fall and talked to my counterparts in those countries, and I found that in Europe the tendency has been to give public employment agencies such as ours an exclusive monopoly over labour market transactions, placements, referrals, jobs and that kind of thing. Some of this is done legislatively. But the trend in North America has been in the opposite direction, and I do not think that the argument is absolutely conclusive one way or the other. There is certainly much to be said for the relative merits of both approaches in serving the public on employment matters. Be that as it may, we have not, in this country, sought an exclusive franchise for ourselves in the field of employment service, and we are taking the approach that we are not really setting an objective as a marketing firm to corner the market, as it were, as we were often called upon to do, Mr. Chairman, and as you perhaps still are, by certain business firms, to get a larger and larger share of the market, until we get to something like 110 per cent.

That is not our objective, although we do want to carve out, by improved performance, as substantial a portion of the market of job placement, and so on, as we can; but we think we are doing that fairly successfully, and we can continue to do it by effective operation. We do, however, think that in the field of temporary help we could probably compete very successfully with private agencies; that is, the placement of people through overload systems, and that kind of thing. We are not engaged in that type of market as yet, except in one precise area, which is in the recently initiated farm labour pools, and I think that even with the benefit of only one full year's experience we are doing a pretty good job there. We gave you, I think, some evidence of that a couple of weeks ago.

Returning to the question of special services for people who need them, and particularly on the subject of the handicapped, I really did enjoy and appreciate what I sensed was the expressed concern of the committee that more should be done, even though that carries the connotation, which we frankly agree with, that not enough is being

done at the present time to facilitate the employment of handicapped people.

We are a lucky country in almost every way one can think of. We are well endowed in natural resources, and we are becoming very conscious of the fact that we would be foolish to dissipate those natural resources by perhaps overconsumption and overindulgence; but I think we would probably not find much disagreement in recognizing that we have really a very long way to go, even in Canada, to attain the same level of progress in the way of recognition of the need not to dissipate resources of any kind, as is found elsewhere. We have also a long way to go in order to achieve an acceptable level of progress in our collective social consciousness on the subject of human resources. I frankly think the federal government is a very major employer in this country. It has a responsibility—a very real responsibility—to set an example in this area of hiring handicapped people, and I might say that we, with other departments, in conjunction with the "Public Service Commission, have been looking very carefully at this whole area, and I am rather hopeful, personally, that very soon recommendations will come out of the current study with regard to federal government employment of handicapped people on a deliberate policy basis. I am hopeful we will be able to do something concrete and announce it before very long.

Another area I detected great interest in and some concern about was federal-provincial relations in this whole field. I want to say very categorically that as a matter of absolute policy we have consulted, we are consulting, and we will continue to consult the provinces on job creation, as well as on other subjects of mutual interest.

The whole area and subject of manpower is a very broad one. It has implications for every level of government and for very many areas of operations and authority and jurisdiction within each level of government, whether it is federal, provincial or even municipal. I think it would be unthinking, unrealistic and irresponsible for any department at any level of authority to attempt to go it alone. We can do things that the provincial governments cannot do, and the provincial governments do certain things better in some ways than we; but we need more co-ordination and avoidance of overlap. It is for that purpose that the federal-provincial manpower needs committees in each province have been formed. I suppose the best illustration I can give you of the work of those committees during the past few years is the way in which the community employment strategy is being developed. I think there is ample proof there that we do want consultation on all manpower matters to be very frank, and as complete as possible.

With regard to manpower training we think that Canada is making strides in this area. We have reason to be proud of what has been accomplished and, having said that, I reiterate that as good as that record may be it is far from perfect. We have on occasion purchased courses that do not lead to jobs within a reasonable period of time, and sometimes we have also failed to purchase courses that are designed for jobs that later go begging.

I must admit to some considerable embarrassment at having been made familiar with the report by Senator Neiman on the Brantford automobile dealers' association situation, and I freely admit to my embarrassment regarding the matters discussed by Senator Croll and Senator Graham regarding insulators. There are far too many of those situations. The comments are certainly useful reminders that there is a lot of room for improvement, and

for better contact and liaison with employers in that area. Certainly I assure you that we will do everything we can to bring about the necessary improvements.

I would like, before I close my comments, if I may, to introduce a word of caution about interpreting the results of surveys, some of which I understand have been brought forward to the committee.

In at least one instance of which I am aware, and there may be others, the results of an employers' association survey regarding Canada Manpower Centres and Canada Manpower's operational effectiveness hit the headlines in a rather critical way. I think it is unfortunate, because we have examined this survey and we are satisfied that the results of the survey are largely representative of only a very small percentage of the association's membership.

Senator Croll: Mr. Chairman, I am not aware of this survey. I may have been absent. I have just asked Senator Carter about it, and he is not aware of it. What are we talking about?

The Chairman: I think the minister is referring to the fact that prior to the inception of these hearings we wrote letters to a number of employer associations, chambers of commerce, labour groups, farm groups, and individual employers, asking them a series of questions relating to their experience with Canada Manpower. We have had answers from them. Honourable senators have had two papers outlining the early answers we got.

Senator Croll: Now I know what you are talking about.

The Chairman: I perused two papers last night. One is on the employer's associations' answers, which is now largely complete, and the other is on the employers themselves, which is largely complete, and in the next week senators will be getting those papers. You will be able to see what the results of them are. Concomitant with that we put advertisements in four newspapers. We would have liked to put in more, but we felt there was a cost consideration. We put advertisements in four newspapers asking for individuals' comments on their experience with Manpower, and a paper was distributed, I believe giving the breakdown of those comments. The two important papers, however, will be distributed in the next few days.

Hon. Mr. Andras: I just wanted to make the point with regard to surveys that though they are valuable, there are traps in them. The one I am taking as an illustration I do not think was really representative, in numerical, quantitative terms. To give an example—and it is one of those, I think, Senator Croll, that you will be examining—one reported the result that 32 per cent of the respondents do not list their vacancies with the manpower centres in that particular area. In actual numbers that 32 per cent represented seven employers, and our records show that in spite of the fact that they said they do not list their vacancies with manpower centres, of those seven employers three actually had listed their vacancies with us. In addition, the rather unfavourable comments from very few respondents originated from employers where only 40 per cent of the vacancies listed with the CMC were filled by our efforts, whereas our national average in filling vacancies, as stated, I think, in earlier presentations, is 70 per cent.

The Chairman: I have the survey here, and perhaps I should read the figures, because I do not think we gave percentages in those figures. Under the heading of filling job vacancies, the recipients were asked to what extent

they registered for job vacancies with the CMCs. The replies, the total of 51 who responded, showed that the number who registered was 15, partially 25, and rarely or never 7, and no answer 4.

Hon. Mr. Andras: The press interpretation of that was a bit more.

The Chairman: I think we have been a little more precise in that list, in that we said "rarely or never." And in any part of that we did not use any percentages. It would be a question of whether or not they can do that sort of higher mathematics.

Senator Prowse: They were short of space so they took out the word "rarely."

Hon. Mr. Andras: I am sure you will understand my concern over generalities in the press. Parliamentarians have their own way of getting behind that, of course. We have enough difficulty with the effect of what is stated as facts, without being taken on tangents of misinterpretation. Anyway, it is of concern to me that, despite all our efforts, we are still perceived by certain employers in that light.

I have carefully followed the comments of the officials. We acknowledge the service is not perfect, but we really believe there are far too many employers who have far too narrow a view of our role or what it should be. There is a position taken that placement is the name of the game. That may be totally and absolutely all right for a private agency, as that private agency can be totally selective with regard to employers and employees. But for us to be so selective would be an abdication of our responsibility. That is not what our role is. We are a public service, and I think that for us to be that selective to lead to the kind of performance of private agencies, it would be disastrous for us to do it.

There is one particular employer I have in mind—I do not want to name the employer but rather to give you an example. This employer has a staff composed of 3,000 employees, with an annual turnover rate of 50 per cent. That requires, on a total staff of 3,000, approximately 1,500 vacancies to be filled each year. I do not think there is any service in Canada, certainly no public service, that rightly should contribute to the perpetuation of such a staff turnover. There is something wrong there. Obviously some remedy should be employed. It is our role, in addition to finding people for employers, and finding jobs for people looking for them, to help employers in developing a kind of remedial measure to reduce that turnover and that is a job we do over and above filling vacancies. I must say that employers who have received this type of assistance from us have been very positive in their comments on our service. I get very many letters of appreciation, and I know that the department gets more.

Another point I would like to make is that many employers have an unreasonable and unrealistically high expectation of what the department can accomplish in a tight labour market. In one centre on which I would focus, we noticed during 1974—without breaking it down into occupations in industrial and other variables—one and a half persons were registered with the CMC for every vacancy on file with the centre in that area.

In other areas where there are large numbers of job seekers on file, employers have been quite vocal in many cases in attributing their difficulties in getting employees or workers to the availability of unemployment insurance

benefit. These employers have been equally vocal in recommending that Canada Manpower and the Unemployment Insurance Commission be completely integrated, in order to ensure that the UI recipients are exposed to all available employment opportunities.

I think we have described in fair detail the special job finding and placement drive we conducted this past year in seven metropolitan centres, and expanding it to another 25 or so, and illustrating that that was really quite successful in exposing UI recipients to jobs.

Now some employers are criticizing the CMC because of the recipients of unemployment insurance and recipients of welfare who, the employers say, are second rate an unmotivated, and they are complaining because we are referring them to jobs which these employers have.

I am a bit baffled by this contradictory criticism by employers, because surely they cannot have it both ways. They cannot criticize that there are people on unemployment insurance benefit or welfare who they say should be workers, and when we send them to be interviewed by these employers and to find work they criticize by saying that these people are not motivated and that we are bothering those employers with people whom they do not want. They cannot have it both ways.

Anyway, I think it is clear that, no matter what we do, our manpower centres are going to be sometimes in conflict with certain individual employers and employer groups. My department's objectives are in the public interest. We cannot be as selective as private operators. Therefore, our objectives and our operations may not always necessarily coincide with the objectives of some employers or, for that matter, of some job seekers. So there often will be conflict with some employers as we strive, in the implementation of our program, to improve wages and working conditions.

We think this scheme is in the best interests of the employee seeking a job, and we frankly think that it has worked in the sense of helping the employer who has the kind of job, taking account of the turnover we have been getting.

Our work is to try to improve working conditions and wages in the interest of employers and of the public interest, and we recognize the social obligations. That will always continue to bring us into some kind of confrontation or conflict.

This is perhaps particularly the case, when we enhance our efforts and we go out to place individuals or groups in employment who may be considered disadvantaged or requiring special attention. Employers, like all Canadians, have their biases and personal preferences, and employers have a responsibility to their shareholders, to their companies and so forth. It will not always be pleasant for an employer to accept the obligation that he should hire handicapped people or disadvantaged people. We really do this particularly because of the influence of the employer in the community and especially in the labour market. We go to considerable efforts to convince employers that they should remove job barriers, that they should hire women, that they should hire native people, that they should hire the physically or mentally handicapped, that they should hire youth, that they should hire inexperienced workers. In this latter case, the paradox is that people want experience, yet in order to have that experience they have to become hired. If you cannot get a job because you cannot get experience, you are back in the Catch 22 circle of things.

We want employers also to hire older workers. And we want them to hire recently arrived immigrants who have made commitments to this country and to whom we have made commitments: they need a leg up in the beginning, and sometimes on a continuing basis.

Our CMCs, unlike the private employment agencies, have a public obligation to serve all Canadians and, quite frankly, in the exercise of that responsibility there will be some conflicts and some dissatisfaction from time to time. Of course, I have to say that if the situation were any different, I would have to question seriously whether we are doing our job. We do not have all the free choice that goes with a private operation.

Having mentioned those points which I take as being of concern, and having put a little of my own feeling into it, I would be happy to stop talking and deal with any questions that may be put.

The Chairman: Thank you, Mr. Minister. We appreciate your remarks. They have clarified some things for the members of the committee. There may have been some question, I think, whether you and I were talking about two different things in respect of the survey. The survey that I was referring to is a composite of the replies we have received from the employers. That is not the employer association but the employers. Are you talking about something different?

Hon. Mr. Andras: We were talking about a specific survey. I believe it was the Winnipeg Chamber of Commerce survey, based on certain reports that we had. I am not singling it out, Mr. Chairman, as setting up a big target.

Senator Croll: We have not seen that, in any event.

Hon. Mr. Andras: It is part of the composite.

The Chairman: I might mention that while we will be hearing from employers and their associations, we shall also be hearing from people who have knowledge in the field. It is our intention to hear from Mr. Rueben Baetz on April 10, Dr. Noah Meltz on April 17, Dr. Stefan Dupre on April 24, and from Dr. André Raynauld on May 1. Since time is getting to be a problem, perhaps during that time we will also be accelerating our hearings of the various associations. We hope in time to get a fairly balanced view of the situation.

We will commence the questioning with Senator Grosart.

Senator Carter: Just before you begin the questioning, Mr. Chairman, can you tell me if the Winnipeg survey arises out of our contact with them?

The Chairman: The chamber of commerce sent a questionnaire which was based on our letter to them. They sent it to all the members of their executive, which has some hundred members, approximately. They received replies and they had a meeting on it, and then, which I thought was rather sensible, they invited the local Manpower official to discuss the assessment with them. I think there was some disagreement at that stage, and that is what caused the news reports.

Senator Grosart: Mr. Chairman, like you, I should like to thank the minister for coming back. I am sure he has had all the committees he would want in the last few weeks, as he has been before the committee in the other place on supplementary estimates. We do appreciate his

coming back, and through you, Mr. Chairman, I should like to thank him for the tremendous amount of information we have been given by him and his officials. We are starting to digest it now, I think.

My first question is: Where do we go from here? The minister, in his opening remarks, indicated that the present financial resources of the department might be sufficient to do the job. He said that an integrated manpower policy does not necessarily require more investment of financial resources, and so on. There have been some indications lately that you may feel that you will require much greater financial resources to do the job ahead of you. Is this so?

Hon. Mr. Andras: Yes. There are always competing priorities with respect to other meritorious demands upon governments, as you know, Senator Grosart. In the next while, and certainly at the present time with the level of unemployment which exists in the country, I think that cyclically we will probably want to look at contingency plans which might require more resources. That is the shorter term. In the longer term, my comment about the fact that it does not necessarily require more resources was more of an illustration that we could make better use of resources that are at our disposal now. I would want to explore that thoroughly before automatically looking for more resources.

The unemployment insurance cash flow is substantial, as you all know. We are conducting, for instance, a pilot project in Newfoundland which is authorized by vote rather than by legislation. It is a supplementary estimate arrangement, if I recall, whereby unemployment insurance recipients are offered the opportunity to take training that neither the UI Act nor the AOT Act would ordinarily provide for in terms of authority. But by vote we are doing this now and paying the people the unemployment insurance benefits to which they would otherwise be entitled anyway while we place them in training. I am not satisfied that ultimately this is the total answer to a flexible use of resources, but it is a thrust to try to illustrate better ways of using the resources at our command. The manpower training allowances that are therefore saved can be used to purchase training, actual space that was otherwise going begging.

The Chairman: In government terms, is it not just an increase in the training budget?

Hon. Mr. Andras: Not necessarily, because you cannot put people into institutional training, particularly, unless you give them an income while they do it. One of our problems is that our present resource allocation gives us vote authority in little boxes. So if we want to send 1,000 people to training, or provide training to 1,000 people, we have to buy the institutional training space, which costs money, and that is through provincial institutions, and at the same time we have to give them manpower training allowances.

We have a cash flow of income support through the unemployment insurance plan which, really, gives them income without requiring them to take training or even offering, in some cases, the training use. So by continuing that income support that they were going to get anyway we save money from the manpower training allowances and we buy more institutional space in respect of which otherwise we would have been limited. It is shorter term manipulation—and I do not use that word in any derogatory sense.

Senator Grosart: It is a \$1 vote.

Hon. Mr. Andras: Yes, that is right.

Senator Grosart: I notice from the evidence we have had that your strategic planning and research group have been doing a lot of work, looking ahead at the same question that I am asking. What do you see as the specific areas of increased demands on the Manpower and Immigration resources? For example, are we going to go in the direction of Sweden eventually? Do you see this as the future of your department, where Sweden, for example, with about half our population spend about twice as much on manpower training? And manpower training is about 60 per cent of your budget. Do you see us going that way?

Hon. Mr. Andras: I do not think I could be precise as to the relative proportions, senator. Let me go back to very simple beginnings on this. In a highly technological age, in a fast changing period where skills become redundant and new technologies are introduced and new developments take place—we are talking about tar sands development, we are talking about new technology and all sorts of things where skills learned now may not fit the new needs—and in a country with the opportunities that Canada has for development, I see all sorts of changing requirements which are going to require trained people—human resources—and this has been put at too low a priority. People plan a new operation and they think of capital and where they are going to get the money, and they think of the technology and the management that they need. Too often you find that the third or fourth item on the list is: Where are they going to get the numbers and kinds of people and the people with the training necessary to do the jobs that are going to be created? Somebody is going to have to do this training, and it is a big question as to whether it should be done by the public service, by government or by private industry. I think that we all want to find the greatest leverage, if I can put it that way, and the best combination where our private sector does take on its responsibility. But to sum it up, I do see a continuing and increasing need for skill development, and that is going to require resources from the Canadian economy and Canadian society—from one source or another.

Senator Grosart: One of the more or less unique elements in the problem is the great increase annually in our labour force. Do you see this starting to soften?

Hon. Mr. Andras: Yes, by about 1980 or 1985—somewhere in that area. The demographic trends are factual. The high birth rate of the 1950s and the 1960s is in contrast to the low birth rate which is now really less than the replacement figure which is regarded as being 2.1 in Canada. The boom or the volume of the high post-war birth rate rippling or moving through society and the economy will probably taper off in the early 1980s. On the other hand there has been a tremendous expansion in requirements for skilled people. One can foresee probable shortages that we have not faced before, in contrast to the last several years of very, very high labour force growth—the highest of any of the western countries.

Senator Grosart: To what extent is this due to new young entrants, and to what extent is it due to women in the labour force?

Hon. Mr. Andras: It is both. The most significant quantitatively has been the baby boom, the young people coming out of school. That has been phenomenal. But we are aware—and I am pretty sure we could produce some

figures on this, although I do not have them readily at mind at the moment—that women in Canada have been increasingly participating in the labour force. In fact there has been an exponential jump in the last ten years, but it is still below the situation in other countries to which we usually compare ourselves. I anticipate that that is going to continue for a few years to come.

The other factor has been a net immigration which has been relatively large in the last several years, and I think we did some very rough calculations on this yesterday, that last year about 48 per cent of the immigrants who were landed in Canada did go into the labour force. That would be in the neighbourhood of 100,000 additional workers. I cannot even forecast how many people came into Canada through the back door, as it were, although employment visas would give us a handle on some.

Senator Grosart: What do you see as the solution to the young workers problem? According to some figures we have been given, they amount to 50 per cent of your total clientele, 47 per cent of your institutional training, 69 per cent of your skilled training shortage and 40 per cent of training in an industrial program. Where does the fault lie? Is it our whole educational system? I ask that because I want to know if it is going to continue and get worse with the technological change requiring a very vast upgrading of new skills.

Hon. Mr. Andras: Well, senator, I do not think I would call it necessarily a "fault" to place on anybody, but a situation with which we have to deal. While we have in this country the creation of employment and the creation of jobs again at a comparably phenomenal rate in relation to other countries, it has not been sufficient. We are seeing signs of that right now. The creation of jobs in the private or in the public sector has not been sufficient to soak up this phenomenal increase in the labour force. It is a general problem of job creation, whether private or public, in terms of numbers. With regard particularly to young people, I think there has to be a whole series of measures considered and dealt with. It is very delicate ground for me to be precise about the educational system which, as you know, is very much within the provincial domain, but I do have some personal reactions that the educational system should be re-examined as to its effectiveness in training young people to make them job ready among the other objectives of the educational system. That is why we are, to the degree to which we can be effective as a federal agency, initiating such programs as Careers Canada and Careers Province—and I think they were described in some detail to you during these hearings. I think it is going to take special counselling for young people and a great deal of work with employers as well. Some of the problems I was referring to in my statement this morning are examples of where expectations of qualifications are too high and prejudices and biases enter into it on both sides. This applies to the youngster seeking the job and the employer receiving him or her as an applicant. So there is a whole range of problems and a whole range of solutions which we are now developing. We are going to have to look to other jurisdictions and to the private sector. We are of course getting increased co-operation from business associations. The Canadian Chamber of Commerce has worked with us very effectively and enthusiastically in the last two or three years in the placement of young workers and more particularly through the students' summer program.

Senator Grosart: Are you prepared to make the distinction between basic training and skill development and

your basic job readiness? I would take it that the job readiness is to educate people to a degree of literacy to enable them to take a job. How large a problem is this?

Hon. Mr. Andras: I think Mr. Manion could give you more information on this.

Mr. J. L. Manion, Senior Assistant Deputy Minister (Manpower), Department of Manpower and Immigration: The basic job readiness training is really for those who have deep-seated lacks in training. They are really functionally illiterate and they need a great deal of help before they can succeed in a job training course. As yet it is a small program because it requires highly specialized courses and well qualified teachers. The general educational upgrading that we provide is far from education in the normal sense. It is a skeletal type of training; we give only communication, mathematics and some sciences. We do not provide a broad range of educational subjects. The sole purpose of that is to help people to acquire the pre-requisites to get into skill training or to get into a job. If an employer says he will hire people who have grade 10, then we will provide him with a skeletal grade 10 which is far from a real or solid grade 10 training. It is very much a Spartan, quick, catch-up kind of training.

The basic job readiness training, however, is much more intense. It includes not only the three subjects I mentioned, but training in life skills—how to approach work, how to prepare for the instruction environment on the job, and so on. We pick people up who have zero education, or only one or two years of education. It takes much longer, and requires individualized instruction rather than the lock-step situation that is traditional in most classrooms. It is quite a different approach to the problems of people with deep-set needs.

Senator Grosart: You seem to have three levels. You have job readiness, you have basic training in skill developments, and then you have the actual skill training. What are the percentages of people, roughly, that you put into these three categories?

Mr. Manion: We can get them for you, senator. It will take a few moments.

Senator Grosart: I think I did see a figure. Was it 35 per cent in the skill development?

Mr. Manion: That would be approximately correct. The basic job readiness training course applies to a very small number of clients, because it is very expensive training, and there are very few places in Canada which or teachers in Canada, who are yet equipped to provide it. We began to introduce it with the provinces about two years ago, following some very extensive development and testing. The Prince Albert research station, which was formerly the Saskatchewan NewStart program, which some of the senators here know very well, was perhaps the pioneer in the development of this particular approach to people with special problems. In 1972, as a result of the work they did there, there were pilot courses set up in seven provinces, and there are now such courses in all the provinces. It is, however, very much a small intensive training program. I will have the statistics for you in a minute.

Senator Grosart: You said 50 per cent of your total clientele are young people. What percentage of them require upgrading of their job capacities?

Mr. Manion: I would say, senator, that in the case of youth a relatively small proportion of them require educational upgrading, because the youngsters coming on to the market are much better educated than their predecessors. Most of our clients in basic educational upgrading are the adults who never had a first chance to get a decent education. We find very few of our youth going into job basic training. They already have their nine, 10, 11 years of education. What they require is skill training in some cases, but more important, work experience. Probably the greatest lack they have is any kind of experience or appreciation of the labour market, or what it is all about, when they come into it.

Hon. Mr. Andras: Senator, you may be interested in having us table quite a bit of data on this: the causes of youth unemployment, the ratio of youth unemployment to the total, the deterioration of the youth employment situation, the gap between youth and adult employment rates, and a great deal more. I hate to shower you with paper, but it is a subject that is interesting to you, and certainly to us.

Senator Grosart: It is terribly important, because there is a tendency to say, "Here are 800,000 unemployed. They are only unemployed because the economy is on a slow-down". Looking into the future, which you are doing, this problem of youth is probably the major one. If 50 per cent of your clients are youth, why is it that young people are the ones who cannot get jobs?

Hon. Mr. Andras: It reaches another point, too. We tend to become a bit traumatized by the total picture, and really, to get at this, as in the case of almost any other problem, we have to "disaggregate" the problem—that is now the jargon word—and get at the specifics. The problem, other than the general problem of creating enough jobs in quantity, and jobs of an acceptable type, is that there are real, specific areas—youth, women, natives, handicapped, and that kind of thing—where we have come to the conclusion that you cannot generalize about it; you have got to get in there with other things that we are doing, such as the increase in the number of CMC's on campuses—student CMC's—and this kind of thing, because it is a different enough problem that it needs different attention.

Senator Grosart: It brings me, really, to the question of your co-operation with the Unemployment Insurance Commission. I know we are not here to do an examination of the UIC, but there are some obvious correlations between your activities and theirs. I have always been mystified by the recommendations in prior studies of the necessity of separating Manpower from UIC. You have had that separation now for about ten years, I believe?

Hon. Mr. Andras: Yes.

Senator Grosart: But I gather from your remarks that one of the major new approaches is to get a little closer to UIC now. When we, as I say, look at a figure of 800,000 unemployed, and then find that last year you placed one million people, on the surface, if we wanted to use that statistic that way, we could say that we do not have any unemployment since you placed one million people, and why are 800,000 still unemployed? I can only speak of one aspect, which has been the subject, I think, of a major criticism, and I am going to ask you if it is part of your problem. What I have in mind is the 8-week eligibility. It has been suggested that this is one of the major reasons for the high rate of turnover. I think it was the *Financial Post* that discussed this under the heading "Grand Larceny". I

am not asking you to comment on that, but is this a major part of your problem?

Hon. Mr. Andras: I do not know if I can leave it hanging there, senator.

Senator Grosart: Well, go ahead.

Hon. Mr. Andras: Mr. Chairman, I am in your hands.

Senator Grosart: I am sure the chairman will let you go as far as you like.

Hon. Mr. Andras: I am quite sure of that. Well, I do not know whether to resist the temptation or not. I have not personally examined them, but I have seen the results of what I think are very objective examinations of about two and a half million unemployment insurance claims. We have cross-tabulated these into youth, and into all sorts of categories, and into length of attachment to the work force of precisely your eight weeks versus 20 weeks, plus whatever other suggestions have been made, and there have been many.

I will limit my comments to saying that I think the empirical evidence I have seen suggests that the attack on the 8-week attachment is not valid. I can tell you this much, that the incidence of disentitlement and disqualification—and you are almost led to a further definition of those words, but I will stop there—generally among people with only 8 weeks or 9 weeks or 12 weeks, but a very short attachment to the work force in any event, relative to their proportion of the total claims—and you might classify disentitlement and disqualification as some evidence of misuse of the system—is lower as representing their proportion of the total than in the case of other categories with longer attachment to the work force. I think that is one significant piece of evidence indicating that this is a bit of a red herring.

If, senator, you were to respond by increasing that qualifying period, you most certainly would hit at the areas of this country where the difficulty of getting jobs is the most severe; so I am not an enthusiast about that, certainly at this stage, and I am prepared to examine further evidence before we introduce amendments on that score.

There are other areas that are far more significant in terms of any possible correction. The eight-week attachment to the work force is not an element that I am convinced is the serious problem that people have made it out to be.

Senator Grosart: It has been suggested that there are a number of loopholes. I am not going to ask you to discuss them, but I would merely like to ask you if you are drawing these to the attention of UIC as you see them in your interviews?

Hon. Mr. Andras: Do you mean myself vis-à-vis the commission?

Senator Grosart: Is your department discussing these problems with them?

Hon. Mr. Andras: Oh, yes. There has been constant policy co-operation and discussion going on all the time in this last year and a half. As recently as yesterday the deputy, on my right, and the chairman of the Unemployment Insurance Commission took four to six hours to get together to have one of our periodic reviews. Yes, that is very much the case; very much so. It is increasingly an integral part of and a major tool of manpower policy, and I

am referring to manpower policy with its prime objective of increasing an individual's self-sufficiency. I will never argue about the necessity for income support. It has got to be, particularly in a society like ours; but as I have said before, it is not enough. I do not mean it is not enough financially, but I mean in terms of its effect.

Senator Grosart: Would it be fair, then, to say that the emphasis on the separation of the activities of Manpower and the Unemployment Insurance Commission has perhaps been dissipated by your experience, particularly in view of the fact that both are under the same minister?

Hon. Mr. Andras: Yes.

Senator Grosart: Finally, Mr. Chairman, I would like to ask a few questions on a subject to which the minister devoted quite a lot of his time this morning—that is, the problem of employers. I say “problem” because in his evidence and in the evidence of others it seems to be a real problem for the department. Over and over again we are told there is not a real awareness amongst employers generally of the activities and help they could get from Manpower. Yet we are told that last year there were 210,000 interviews by members of your staff with employers. Have you made a list of the complaints of employers? They must be there, because these people were reported back with these criticisms. Is there a list of these?

Hon. Mr. Andras: Yes. I will stand correction, in the generalization, from Mr. Gotlieb and Mr. Manion. Most certainly regionally we are collecting all the concerns. This is almost an ongoing operation, as it obviously should be. It may be that Mr. Manion has it. Do you want that kind of information?

Senator Grosart: Not necessarily now, but if we could have it in a general way it would be interesting.

Mr. Manion: Honourable senators, there is not a list as such, but we do analyze every job order that we cannot fill, to find out why, whether we were too slow or too inefficient or whether the employer was not offering enough money. There is a number of reasons for the failure to fill the vacancy. We think they are about equally divided between the faults of the employer and the faults of our own system. In some instances, we feel that we were not quick enough in searching through the national scene, at times. We are not too bad when we are dealing with somebody locally, but when we have to look for workers for him all over the country, in the absence of a national computerized job information system we have to do this manually—pieces of paper go from office to office and it is a tortuous system. That is a problem, and this causes us to fail sometimes. We can provide a paper listing these problems on both sides, and we will be pleased to do that.

The Chairman: We have only 20 minutes left of the minister's time.

Hon. Mr. Andras: May I just add that that is almost an operational requirement. We do enter into very precise and specific analytical exercises with specific industries—the mining association, the forest products association, individual companies in a whole range of very special and concentrated examinations, and that kind of information could be made available to you.

Senator Grosart: My final question is: Why is the training-in-industry program making such a very small contribution? I think the figure last year was 47,000 workers

trained in industry. I say that because training in industry would seem to be the most likely place to upgrade skills.

Hon. Mr. Andras: I would not argue with you on that score. We are very enthusiastic about it. There are two quick limitations that I would give you in answer. One is the usual one of budgetary limitations, as opposed to the fact that institutional training has its own pressures and momentums. It is also very valuable, but it has its pressures and momentums in the sense that the provinces in many ways want to make sure that their needs, wishes and institutional requirements are met. I guess it also gets to the Manpower needs committee discussions in each province, where probably the preferred position is, “Have we got enough money to do the training and fill the spaces in our institutions to which we have made a lot of capital and other kinds of commitments?” So it has got its own momentum.

Thirdly, when we went into the training-on-the-job program—a variation on the industry training as it now exists—we did run into some errors and our evaluation indicated that in some ways this was not necessarily so good. I think our error there was to use it as a job creation system rather than stick to training. That is out of the system now, and I think we have learned from it. On the other problem, how to deal with it in terms of wage subsidization, which it could become, we are examining that very closely.

Senator Grosart: Would that be under the manpower adjustment program?

Hon. Mr. Andras: No.

Senator Grosart: Thank you.

The Chairman: Could I have that material, that you were going to send?

Mr. Manion: We will check it and give it to you.

The Chairman: Honourable senators, in the meantime I would like to tell you that we have received some more information which, with your agreement, we will accept: a table describing the distribution of language training by region; a paper prepared internally, entitled “A view of the allowance structure in some foreign countries”; copies of the new federal-provincial training agreement with the provinces of Quebec, Ontario and British Columbia. May we accept it and print what is reasonable in the record?

Senator Benidickson: On this business of tabling documents, I am thinking of yesterday—

The Chairman: Senator, we have only 20 more minutes of the minister's time. Could we come back to that later?

Senator Benidickson: Is there anything relevant to our examination, in those documents that you have asked us holus-bolus to table, without sight? Has someone examined it? Is there anything in it that is significant for questioning the minister this morning?

The Chairman: This was material which was requested by individual senators in earlier hearings and it is now being supplied by the department.

Senator Benidickson: I would not want to take up the minister's time on that.

Hon. Mr. Andras: Senator Grosart, before we leave the question of industrial training, to emphasize our interest

and appreciation of it, may I say that our investment in it budgetwise in 1967-68, in industrial training was \$1.1 million, and in 1974-75 it is \$37.3 million. We agree that it could be more, but it is certainly gaining emphasis.

Senator Croll: Before the minister goes, I would ask will the deputy minister and Mr. Manion remain?

The Chairman: Presumably they will remain here.

Senator Croll: Mr. Minister, let me just take a minute to tell you that the last time you were here I was somewhat critical and suggested that you had not made too much of an effort to acquaint the Canadian people with the fact that, in the main, people were working and you knew they were working and there were very few people who were trying to beat the game. Subsequently you sent me over clippings that I had not seen before. You have a very efficient organization. You convinced me beyond a shadow of doubt. All I know is that my clippings service needs some attention immediately. I want you to understand that.

Hon. Mr. Andras: That has been very useful, because you have convinced others to do it too, I hope.

Senator Croll: Yes. That is for your own information. I will only take a minute.

The Chairman: Honourable senators, I might interject that this was an undertaking that we gave the minister at the last meeting, that we would take an hour and a half of his time now to complete the hearing, and I think it is fair you should understand that was the undertaking under which he came to this meeting.

Senator Croll: I will take only five minutes and give others an opportunity. Senator Carter reminds me of something that I think is worth reminding you of. When we were travelling the country with the Poverty Committee we came to Prince Albert. NewStart was there and what they had for us was a notice that they were out of business, that the grants were coming to an end. Then they let us look through, and we spent a day. We saw what we thought was one of the most exciting programs. There were very interested people who were reaching out and making a fine attempt at doing something worthwhile for those who needed special attention. We came back and recommended that they be maintained.

Let me get now to the one question I want to put. In the first place, I want to make it clear that I think it is good, but I am not satisfied. It has to be better, for this reason. You participated in the conference with the welfare ministers from the provinces of Canada and the federal welfare minister. I am one of those dedicated to doing away with the welfare system, or at least minimizing it, as quickly as possible. The immediate hope that I see for this is your department, particularly through the community employment strategy, because that does not depend on your money alone. You have provincial help and some municipal help, and every time you remove a man and put him on community employment you not only save us money but you give us production.

You talk about the shortage of money. Is there really a shortage of money in that area? Why have you not been able to obtain the cooperation of Ontario and Quebec and some of the rich provinces? There are four or five of them. Why are you not able to get their cooperation, since they have many people on welfare.

Hon. Mr. Andras: I totally agree, senator, with what you have said in the preamble to your question. I am increasingly convinced that most people do want to work. In fact, there might be a wide range of definitions of what they would describe as work, but I am absolutely convinced that the fundamental principle holds true, with only marginal exceptions. People want not only to earn money but to be connected to the rest of society, to be recognized and to have a feeling of self sufficiency and dignity. Work happens to be the vehicle most recognized as fulfilling those legitimate and human wishes.

I believe the community employment strategy is a significant program. I would say that at this stage money inhibitions are not the real problem.

While, as you seemed to imply in your question, there may be a suggestion that we are moving a little too slowly, too modestly and cautiously, I would say to you that there is a reason for that. The federal government, the provincial governments, the municipal governments, the private agencies and social agencies cannot do this on their own. They cannot do it alone. And it is not just a question of financial resources; it is a question of coordination, and not competing for the body, as it were, and getting into empire fights and all the rest of it.

The most delicate part of the community employment strategy, from my personal observation, is to get the breakthrough in recognizing that we and the provinces, particularly, and beyond that the communities and other people engaged in this whole area, have to work together rather than in some kind of competition or opposition. Tremendous resources have already become committed to the general area, but I have to agree that we are not doing what you were suggesting, which is the better thing to do, namely, to provide the person with his own self sufficiency and dignity.

But, you know, human nature breeds distrust: "Are the Feds moving in again?" "Are they trying to take over?" There are always questions of that sort. There is probably some feeling on our own part with respect to protecting certain jurisdictions. Those problems exist. Maybe they should not, but they do, and we have to try to make the effort to overcome them.

In specific response to your question about cooperation from particular provinces, I must tell you that with the exception of one province we are getting very good cooperation. The first province to join us was British Columbia, but we are now at the stage where we have almost 8 or 9 of the 10 provinces who have agreed in principle and are simply down to the details of selecting the pilot communities for the development phase of this program. The Province of Ontario, in all fairness, is one of the largest provinces geographically and from the point of view of population, and, naturally, the selection of the starting pilot projects is taking a little more time than it has elsewhere. In the Province of Quebec we have an agreement now and it is just a matter of putting the final touches on it and it will go into operation. So I would not be critical of the provinces. There is one that has not felt inclined to go with us yet. It is a bit of a holdout. The reason for that may be a problem of communication of some kind.

So if the movement is slow, I must say that we want to move fairly cautiously anyway, because I would hate the idea of raising expectations beyond our ability to fulfill them. I would much rather have a solid operational experi-

ence in this area and build upon that than go out and offer a rhetorical hope that might just be another disappointment. So that is the way we are moving.

The Chairman: Could we have a look at those agreements?

Mr. Manion: Yes.

Senator Carter: Mr. Chairman, I should like to ask the minister a policy question before he leaves. My question has to do with the recruitment policy of his own department.

Long before you took over the department, sir, an incident happened in Newfoundland which annoyed me considerably. I believe Mr. Mackasey was the minister at the time, but he was away and as a result I brought the matter to the attention of the Prime Minister.

The incident occurred around Christmastime, which was a season of high unemployment during the period in question. Your department took on a number of temporary people and trained them for specific employment. There were 4 or 5 people who were trained. Two or three of them proved to be exceptionally good and, as a consequence, were promoted and took over the work of what you call "senior counsellors." After being on that employment for two or three months, having been trained specifically for the job and having proved their ability to perform it, they were laid off. Replacements for them were brought in from Nova Scotia, or some other mainland province—people who had been on what was termed the eligible list. At that point your department then began retraining the Newfoundland people all over again. To me at the time it seemed a miserable policy that would allow that to happen. What annoyed me even more was the thought that your department would not do that sort of thing in the Province of Quebec, for example. In my opinion, anything which would not be allowed to happen in Quebec should not be allowed to happen in any other province. I cannot see your taking on four or five people in Quebec, training them and having them begin work and then laying them off because you want to replace them with people from Nova Scotia, and then, consequently, having to train them all over again.

My question is simple: Has that policy been changed?

Hon. Mr. Andras: I am not familiar with the incident you are referring to, senator.

Senator Prowse: It was during the time of the Tory government!

Hon. Mr. Andras: Perhaps Mr. Gotlieb or Mr. Manion could give you further detail on the personnel aspects of the department.

Senator Carter: I simply bring that to your attention, because that policy should certainly be changed.

Mr. A. E. Gotlieb, Deputy Minister of Manpower and Immigration: Mr. Chairman, honourable senators, I do not know the incident to which Senator Carter has referred, but those counsellors were probably hired as casual labour, and would be casual counsellors in a temporary situation. We do not now follow that course as a matter of practice. We regard our senior counsellors and counsellors as the central piece in our entire mechanism. We are most conscious of the extreme importance of their training and their functions.

With respect to the type of episode to which you referred, senator, I am not aware of any similar problem in the last two years. Certainly, as a matter of practice we do not lay off counsellors unless they have been hired simply for temporary situations.

Senator Carter: These people were hired temporarily. My point, which does not seem to be registering, is that they now had a job. They were doing the job well and you had expended considerable money training them to do that job. Having done that, and got them into a position where they could contribute, through your department, because they were casual when you took them on, what difference should that make? They are now efficient employees. You laid them off and you brought in people who already had jobs. Those people you brought in were not unemployed. They had jobs in other provinces, but because they happened to be on the eligible list you took them out of the jobs they were employed in, you laid off people who had the jobs, and you increased the unemployment in a province where unemployment was already high. If these people were not capable, I would have no argument—

Hon. Mr. Andras: It sounds very inefficient, senator, and not particularly acceptable.

Senator Carter: It is a policy. I inquired about it. Whether this is your policy or a policy of the Public Service Commission, I do not know, but whoever is responsible for it, I hope it has changed.

The Chairman: Perhaps we could let the minister acquaint himself with the facts. Would you give the minister a note on the facts?

Senator Carter: Yes, I can bring it to his attention.

Mr. Manion: At the present time the policy is that competitions for Manpower counsellor positions are opened up on a provincial basis. In other words, a competition to fill a position in Newfoundland would be opened in Newfoundland; it would not be open to employees of departments in other provinces. I think the situation you are referring to, senator, arose after we began the special winter programs, those very substantial programs like LIP and training on the job, two or three years ago, when we had to hire 1,000 temporary people. They were not given permanent positions for that. They were hired on the basis that they would be employed for several months and they would then be laid off. We had to lay off the greater part of 1,000. The only exceptions were those who were successful in winning permanent jobs with us, and a fair number were able to do that. There is no doubt that having to run these programs with temporary short-term casual staff does cause the kind of problem you raise.

However, I think we have solved it in that we now have a policy of trying to fill our counsellor positions from within the province.

Senator Carter: That may be all right, but I am not impressed with the comment that they were hired temporarily. Just because they are temporary, you say, "Well, you are temporary, so you will go off", and you bring someone in from somewhere else and make them permanent. The jobs they were doing were filled by someone else. They could easily have been kept on to fill those jobs instead of bringing in someone else.

Hon. Mr. Andras: Senator, I am glad you have brought the matter to my attention. I will take a further look at it.

The Chairman: Perhaps you could give the minister the facts of that particular case, senator.

Senator Carter: Yes, Mr. Chairman, I shall.

Senator Graham: I shall be brief, Mr. Chairman. We have been talking a great deal about the objectives of the department in terms of job creation, presumably to provide adequate jobs at adequate wages for those who are seeking employment. We would all agree that the effectiveness of any program depends to some degree on the morale of the people in the department. I am wondering if there is any problem in that respect with regard to a significantly large turnover of personnel in your department. One of the statistics given was that counsellors conducted something in the order of six million interviews in the course of a year, which would be an average of something like six interviews per day per counsellor. I am wondering if there is any kind of morale problem in the department, particularly for those people who are out in the field, as it were, and far removed from Ottawa.

Hon. Mr. Andras: I do not think our turnover problem, except in some of the specific instances Mr. Manion referred to, is higher than others. I would say, frankly, that I think morale in the department has improved considerably. Certainly when I first became minister I was conscious of a great deal of malaise—I should not say a great deal, but certainly there was some significant malaise. Grievances are not ordinarily the minister's area of responsibility but are dealt with through the union grievances procedures. There were a number of grievances, and I personally felt that to do what I had hoped to accomplish during my tenure in this job we needed to get into the department itself, as a delivery system. It is made up of human beings who have to be reasonably satisfied with their jobs and how they carry them out.

We then instituted a program of reorganization and renewal. There has perhaps been some description of it during these proceedings. It was a very extensive attempt to address ourselves to the problem of morale within the department.

A morale problem stemmed, I think, from some of the centralized paper work associated with the existence of an operations department within the ministry at the headquarters level, which prevented the senior ADMs, Manpower and Immigration, from really dealing directly with people in the field. It stemmed from perhaps a lack of continuity, if I can describe it, of management at the top. There were several changes in ministers, deputy ministers, and so forth. It also stemmed from a vastly increased work load over the past few years by the addition of massive programs, but short-term programs, such as Local Initiative, training on the job, and these new innovations, imposed upon a staff which was already heavily burdened with work.

Some of the work was not effective, because it was shuffling too much paper. That is why I am so keen, among other things, about the job information centres. It clears the air of a lot of unnecessary bumph, if I can call it that. I am not sure whether that can appear in the minutes.

I think the morale is improving. I am not yet satisfied. I and the deputy minister have visited many offices in this country to talk personally with people at every level. It is never enough. I think it is improving, but we still have problems.

Senator Graham: May I make two quick observations?

Hon. Mr. Andras: If I may say, without making a speech about it, one thing which, through the difficulties we faced and still face, encouraged me was the degree of commitment and dedication by our field staff. I would say that counsellors particularly, but most of our field staff, even in the face of all this, hung in there. Many of their grievances were described in the traditional way, but when we got into it, what came through to me was, "Look, we came here to do a particular kind of job because, yes, we want to get paid well, et cetera, but we really wanted to do this job. We came out of schools, business or labour unions to do counselling"—for that intangible reward which particularly public servants feel is there, service. The message which really came through to me was, "Let us do the job."

We are saying that we exist here in Ottawa to service the CMC—in other words, the field office; and the region exists to service the CMC, and not the other way around. I think it is improving.

Senator Graham: May I make two quick observations, in view of the time? I know that the priorities in spending are being looked at very carefully these days, not only in your own department but by government as a whole. I would hope that you and your officials would look with some degree of compassion on the atmosphere in which these people work. I am talking about some of the offices. I am not talking about rug ranking or carpets, or anything like that. I am talking essentially about space. I have visited several offices. Some of them are quite fine and luxurious; they are new offices. But in others the space is very confined and they find it very difficult to carry out the kinds of innovative programs which you are instituting at the present time. I hope these will be examined very carefully.

I think that one of the very imaginative programs that has been introduced by the Department of Manpower and Immigration is the LEAP program. I am sure everyone would want to assist in procuring greater amounts of money for the operation and expansion of the LEAP program.

Hon. Mr. Andras: I say amen to both of those programs. We have a definite program of converting our offices to job information centres, and in that process we are looking at much more modern techniques in arriving at the proper environment for our people to work in.

As far as the LEAP program is concerned, if there is one single program within the community employment strategy concept, I think the foundation will be the LEAP program.

The Chairman: I might add in that context, many senators have visited the Canada Manpower offices, and I encourage honourable senators to do so several times during the course of these hearings in order to acquaint yourselves with all of the conditions that exist in the programs that are operating. I am especially anxious to see honourable senators visit a training program to see how such programs are functioning so that we might talk more knowledgeably about them.

The final question for you, Mr. Minister, is from Senator Benidickson.

Senator Benidickson: I will reduce my three questions to one, Mr. Chairman. As you are aware, Mr. Minister, I am a former Minister of Mines and Technical Surveys, a portfolio I held about ten years ago. Conditions have changed

since then. At the time I was minister I was under considerable pressure from the mining industry to persuade your predecessors in the immigration portfolio to import immigrants to work in our mines. That was at a time, of course, when we had high unemployment among our native population, as well as high unemployment among groups of other ethnic backgrounds. The same, I think, is true today. Perhaps I was not too strong an advocate of the message that I was obliged to carry, but in any event we did not accede to the request at that time.

As I study some of the current operations, I find that in many ways assent has been given to the importing of immigrants at a time when we have a great problem of unemployment in so far as our native labour is concerned and a considerable number on the unemployment rolls of other ethnic backgrounds. Ten years ago I think we would have resisted this movement to the importing of immigrants to meet our labour requirements.

Just yesterday I was talking to a former director of one of our largest mining companies in this country, now a member of Parliament, and he said that when this question came up some years ago, probably coinciding with my period as minister of Mines and Technical Surveys, it had been reported to the board of directors that they were hoping to get some assistance from the Canadian government to import labour for Canada's mines, and he said that some of his mines in the North are right alongside native populations. His question was, "What are we doing to put our native population to work in our mines?" They were not doing very much at that time, and I do not think they have done too much since. At that time, the profitability of mining companies was much greater. We were not taxing them as heavily as we have in the last few years. What comment do you have on that, Mr. Minister?

Hon. Mr. Andras: I will have to be fairly brief, senator. I read last night the presentation by Mr. Boyd which was quite comprehensive, particularly with regard to the mining industry's problems of getting people. I think he touched upon the immigrant approach to it.

Senator Benidickson: Yes, he gave some illustrations from my part of Northern Ontario.

Hon. Mr. Andras: That is right, and you and I are very familiar with it. I think the key to what you have said, senator, is that ten years ago the same situation existed and it has not changed very much since. Our approach to the whole employment spectrum in Canada, not just the mining industry, is to find Canadians for the jobs first, and that means a job search program, the use of our employment services locally, regionally, and nationally—and Mr. Manion has very candidly commented on some of our information problems in that respect, but it is working, albeit not as effectively as we would want—and, frankly, negotiation and, if I may call it, some pressure upon the employers to correct their own working conditions, which include training, isolation, housing, and so forth. These are the problems in the mining industry. It is a fairly well-paying industry.

Senator Benidickson: It used to be.

Hon. Mr. Andras: However, in spite of the good wages, there is no community for these people to live in. The mining industry is not having any great difficulty in getting people in the first place, but it is having a great deal of difficulty in keeping them. Wages are not the only thing. Employees are not going to have their families live in a

community where there is no hospital, no decent housing, no decent educational system, and so forth.

Before we relax very much on the question of importing people, we are increasingly going to put the heat on our industries with regard to the correction of fundamental problems in the whole range of working conditions and training. In some cases, we will agree to bring people in, and generally where we would agree to bring people in we would be looking for people who are going to be permanent Canadians. In other words, we want landed immigrants as opposed to guest worker programs or short-term programs. In the process of all this, we do not want to go so far as to shut down productive operations, so we have to take that ultimate step.

Through mobility arrangements and working with industries through specific companies and industry associations, we are moving to try to resolve these problems. I think we are marking some progress with the mining association and we are certainly prepared to move people from one part of the country where there is high unemployment to a region where there are job opportunities. We do not want to be a party to perpetuating the fundamental problems that have not been resolved through employer action.

The Chairman: Honourable senators, we have gone beyond the minister's time. The minister would like to be excused at this time.

On behalf of the committee, Mr. Minister, I should like to thank you for your attendance and, as well, for the cooperation the committee is receiving from the various officials who have been attending these meetings.

Senator Croll: Mr. Chairman, Senator Graham made reference to the fact that counsellors were doing six interviews per day. I am wondering what the point of that was—whether it was too many, too few, or what. I seem to have missed the point.

Senator Graham: I did not have time to pursue that.

Senator Croll: Well, there are a couple of pigeons up there now, so go ahead.

Senator Graham: Perhaps I can direct my question to the Deputy Minister, Mr. Chairman. I am wondering whether six interviews a day is too many—it may be that six interviews are not enough—and whether or not in that space of time a counsellor can give adequate time to the person being interviewed and then do an appropriate follow-up in terms of a write-up, or whatever has to be done. In other words, is there a requirement for more people in the department? I know a great many people shudder and shake at the thought of increasing the Public Service, but the point is that you must have adequate personnel in order to do an adequate job.

Mr. Gotlieb: As the minister mentioned—and I think you probably have had some information from our officials in this respect—this re-organization of the system in terms of creating job banks, and so forth, is being implemented this year and, hopefully, will be completed across the entire country within a few months. Prior to this re-organization, a lot of the counsellors' time was taken up in tombstone data taking and routine administrative information tasks. A lot of time was freed up in the new system, and is being freed up, counsellors' time that formerly had to be dedicated to somebody who was really job-ready. In

concentrating specialized counselling in what we term level 2 and level 3, which is to say individuals who have some difficulty in finding or keeping employment, a great deal more flexibility has been introduced. We are now encouraging our counsellors to spend as much time as in necessary and constructive in that advanced counselling part of CMC on the client in order of help him as much as possible.

With respect to resources, we have had a requirement for additional resources, and we have received additional resources in the last year as an additional element of this specialized counselling. At the same time as we moved into the level 2 and level 3 kind of service, using the freed up time of counsellors formerly being dedicated to the job-ready, we also introduced a special intensive counselling program in seven metropolitan centres for people who were on extended unemployment insurance or on welfare. In those seven centres a very special effort was made, and is being made now.

The Chairman: This is the special interview program?

Mr. Gotlieb: The special interview program. We did receive additional resources from the government for that program. The essence of that program is counselling; that is the heart of it. Just to round that off, we are extending that same program from seven centres to an additional 25 or so more centres, and we will be getting additional counselling resources for that.

I think the answer I would give to the question is that we have been putting increased emphasis on specialized counselling, and the government has been providing the department with the resources to do it. I think this recognition of the manpower requirements that the government has given is recognized by our department and by the counsellors, and I think the unions as well. As a result, I believe we have been able to take on-board this additional specialized counselling without, so far as I am aware, in my capacity, any undue disquiet of fears or concerns on the part of the counsellors. I think there is some satisfaction that recognition has been given by the government to the importance of these functions and to their increasing role.

Senator Graham: In most cases, do these clients on the second or third turn around go back to the same counsellor?

Mr. Gotlieb: Yes. They would be part of the counsellor's case load.

The Chairman: Are the counsellors in any way confined to certain industries or employer needs, so that they become particularly knowledgeable in that area?

Mr. Gotlieb: Yes, we try to develop counselling techniques and counselling resources—

The Chairman: I am speaking of the situation when somebody goes in and speaks to the receptionist, indicating they are interested in a certain job. Will they be directed to a specific counsellor?

Mr. Gotlieb: Yes, there are modules within the CMC where certain types of work, industry, service or what-not—

The Chairman: I am not thinking of that. Obviously in the Toronto commercial office, for instance, you have modules. I am thinking more of this situation: in, say, a

service industry, do you have people who are knowledgeable about certain employers.

Mr. Gotlieb: Yes, and they should know their employers as well as their own case load.

The Chairman: I realize that, but does the receptionist know about this?

Mr. Gotlieb: Yes.

The Chairman: I got the impression that quite often they are directed to the counsellor who is not busy rather than to a counsellor who has knowledge.

Mr. Gotlieb: Where there is a certain employer, a certain amount of traffic and a well known identified demand, the person would be referred to that counsellor.

Mr. Manion: Each counsellor has a block of occupational codes that he would deal with, so he would deal with the same employers, and people in those codes would come back to him. We try to rotate them, but we do feel that some specialization is necessary.

Senator Benidickson: Mr. Chairman, I have a question of privilege that I should like to raise. Yesterday, when we were dealing with the supplementary estimates (D), a written reply was given to several questions. I am particularly interested in the reply supplied to us, which we did not have an opportunity to read yesterday before, I guess, we accepted the estimates. It relates to Vote L27d, the option agreement with respect to Canadair. I do not want to interrupt the present proceedings, but I would plead for time for the committee, perhaps even *in camera*, to consider this answer to our question yesterday, so I would like your advice and counsel. Otherwise it might necessitate some time of the chamber as a whole.

We have here a lot of manpower from Manpower. We are always congratulated on the fact that senior officers are here to be available for our questioning. Perhaps you could ration the time so that at the conclusion we could discuss this matter of privilege, as to whether or not an adequate answer was provided to a Senate committee with respect to this item, Vote L27d in supplementary estimates (D).

The Chairman: Referring to what?

Senator Benidickson: An option agreement under Vote L27d.

The Chairman: Is that the Canadair agreement?

Senator Benidickson: Yes. The item reads—

The Chairman: We do not need to read the item.

Senator Benidickson: But it does definitely, in the description of what is being voted, refer to an option agreement. The reply yesterday was very short, and I think I should put it on the record in this context. The fourth question that the officials of our committee provided to the Department of Industry, Trade and Commerce was:

Can a copy of the option agreement with Canadair Limited be made available to the Standing Committee on National Finance of the Senate?

The answer was very short, but I think it was a non-answer. It was:

After consultation with the companies concerned, the Department of Industry, Trade and Commerce advises that the option agreement pertaining to Cana-

dair Limited is of a confidential nature, and its release to the Standing Senate Committee on National Finance would not be appropriate.

I would like time to be allowed this morning to consider whether or not this answer is adequate.

The Chairman: Is that agreed, honourable senators?

Hon. senators: Agreed.

Senator Prowse: It is agreed, but not from the government.

It occurred to me that it would be very useful if your counsellors had case loads limited to certain types of things, with what we would call screening at the reception desk. Are you able to arrange that, so that if I come in and indicate I am interested in a certain area, or they can recognize the area, if I tell them what my qualifications are they can send me to a certain counsellor, and then I go back to that counsellor until that counsellor refers me to another specialist? Is that the procedure?

Mr. Gotlieb: That is the procedure, yes.

Senator Croll: In the early part of our time in considering this I asked some questions about wages, which were thought not to be relevant at that moment. Subsequently, as we got in deeper we realized that you were talking about two things. One was wages, and as a matter of fact you referred to the poverty line. I do not intend to give you a lecture on the poverty line, but I do indicate to you that here is the Canadian Fact Book on Poverty issued by the Social Council, covering all the poverty lines recognized now. Before you go again to the public indicating a poverty line you should read this, because you are badly out-dated.

Senator Benidickson: The director of the Canadian Council for Social Development will be giving evidence before this committee on April 12.

The Chairman: Yes; I assume that is the one.

Senator Croll: Yes, Smith wrote it, but you might as well get a copy of it. It is not too expensive and it will enable you to answer questions. In any event, let me return to something about which I know you cannot do very much, but you can report back to your minister the fact that there were protests in the committee. In the course of the meeting a few days ago we discussed the poverty line and wages paid at various times. I believe the minimum wage set by the federal government is approximately \$2.25, or \$2.40. My notes indicate that four provinces have better minimum wages than that of the federal government. It is very hard to understand how a temporary post office worker in Vancouver can be paid \$4 per hour when the minimum wage in the province is set at \$2 per hour, and how they pay a guest worker \$2.90 an hour when the federal minimum is approximately \$2.40, at the most.

I suppose the answer would be that it is really not part of your department. I know it is not part of your department, but I think you should draw to the attention of the minister that this is a matter of grave concern to your personnel in the field and the workers. I know some of the personnel in the Toronto-Dominion Centre and I know it is of grave concern to them, but they can do nothing about it.

Mr. Gotlieb: Mr. Chairman, as a department we are very concerned about the minimum wage. It is obvious that in order to attract workers to jobs they must be paid a decent

wage. We are very conscious of the importance of this, and I have taken very careful note of the senator's comments.

Senator Carter: I would like to continue with the matter of training courses, which was touched on by the minister this morning. I realize that you are faced with many problems. You must buy the industrial and trades training courses you need from the provinces and, apparently, the course are not exactly the same, differing from province to province. Standards and quality also vary, which causes a problem. The minister mentioned this morning that in some cases a trainee cannot obtain employment, because he has no experience. If he never gets a job, he will never become experienced. Is it possible for your department, when you are buying vocational courses, to stipulate that parts of them shall be training on the job, a sort of internship of two or three weeks or maybe a month with an employer in the particular type of work so that the trainee will gain experience as part of his training?

Mr. Gotlieb: Mr. Chairman, we do have and pursue arrangements of that nature. Mr. Manion may be able to provide some details to the senator.

Mr. Manion: Senator, I agree wholeheartedly with you that that is the answer to some of these problems. Up until 1972, unfortunately, the Adult Occupational Training Act prohibited training on the job, except in very, very narrowly defined circumstances. By means of an amendment to the act in the summer of 1972 it became possible for the department to buy training on the job in other circumstances. Since that time we have incorporated training on the job, not only in the industrial training component of the training program, but in the senses or urging the provinces to include an on-the-job portion in classroom-type training. In other words, there would be a period in the classroom and a period on the job or, possibly, alternating, a month in the classroom and a month on the job. This is complicated to develop and requires much more planning and close co-operation with employers. However, we are certainly pushing it. We would like to see the time come when the question of whether to use industrial or institutional training would depend on the kind of training and the requirements of the worker and there would be complete integration and flexibility between the two. We are a long way from that, but we have made a start on it and are pushing our provincial partners as much as possible in that direction.

Senator Carter: So that is a possibility?

Mr. Manion: It is not only a possibility; it is a firm policy and objective of the department.

Senator Carter: Does it require administrative changes?

Mr. Manion: No, it needs a little more pushing on the part of everyone involved in order to overcome the kind of inertia which creeps into a large system.

Senator Prowse: How far are you away from arriving at agreement with the provinces in order to make this a reality and not just something that is considered to be very desirable?

Mr. Manion: All provinces agree with us in principle, but the problem is one of planning and logistics.

Senator Prowse: And money?

Mr. Manion: In the case of a large institution, such as the Community College in Ottawa with 6,000 students, the

classrooms would be filled one month and empty the next and again filled. We cannot have hundreds of highly paid teachers sitting around doing nothing while the students are off on the job. This requires very careful planning. There would also be capital plant left idle.

The only way to do it is to plan and structure it in such a way that the teachers are always occupied. In the event that one group of trainees is off on the job the teachers should be busy with another group. Then, of course, we have a massive scheduling problem. We must make sure that all the courses are properly planned and laid out. The trainees must be in the right place at the right time. It is a better way of doing it, but it is harder, more complex and slower to develop that type of expertise.

Senator Prowse: I can think of several objections to this, but would it be possible when dealing with untrained or semi-trained workers that when they cannot be fitted in just at a particular moment and are unemployed to place them in lower paid jobs and notify them and have them leave that job and take the higher grade training?

Mr. Manion: We do that if our counsellors decide someone needs training.

Senator Prowse: But in this case he would still be working.

Mr. Manion: While he is still working, or unemployed. Approximately 45 per cent of our trainees are in low-paying, dead-end jobs. We include them on our waiting list for courses and when their name come up we get in touch with them and put them into training. This applies to those in employment leading nowhere, such as seasonal and temporary work at 20 hours a week at low wages. We do not encourage them to leave jobs. These are people in jobs that are leading nowhere. Perhaps they are seasonal jobs, temporary jobs, jobs that give them 20 hours of work per week at low wages.

Senator Prowse: What I had in mind is the situation where you have people in this low-skilled area—one of the groups who are looking for work all the time—and you have an individual who is in a job and who is not very happy in it. He has got it only as a kind of fill-in and he is not too sure where he is going to go. But he has been through the counsellor and this was the best available to him. But it was also known that he could take advantage of training when an opening there became available. Would it be practical, then, to keep his name on a list and when there is an opening for training to say, "Go ahead, work for the next two months, but then we would like you to quit your job and come on in and go on the training program"? Would he be able to do that and get his benefits without the waiting period that follows for voluntarily quitting his job?

Mr. Manion: From the manpower side, senator, that is exactly what happens. The problem arises not from the Manpower side but from the Unemployment Insurance side. Because the individual has voluntarily quit his job to take training, he would be entitled to our training allowances, but he would not be entitled to the unemployment insurance top-up.

Senator Prowse: Would your training allowances be equal to the unemployment insurance?

The Chairman: Senator, you are going pretty far for a supplementary.

Senator Prowse: I did not quite intend to go that far.

The Chairman: Well, do you want to complete this question?

Senator Prowse: I just have one final question and then we might as well get this finished. If he goes on training allowances, is he better off or worse off than he would be on straight unemployment insurance payments?

Mr. Manion: It varies depending upon the level of unemployment insurance benefits to which he is entitled. For example, if he was in a very, very low paid job his unemployment insurance entitlement would be very small and so he might be better off under training allowances. Some categories are better off under training allowances and some are better off under unemployment insurance payments. A man with, say, four dependants would be entitled to a training allowance of approximately \$90 per week plus commuting allowances. If he were employed in a job which only paid him \$80 a week, he would be entitled to only two-thirds of that in unemployment insurance benefits. So he would be better off under training allowances. Now the top-up arrangement with the unemployment insurance ensures that to the extent that people are eligible for unemployment insurance, the training allowance plus unemployment insurance top-up will always bring them up to what they would have been eligible for under unemployment insurance. So they will not suffer to that extent in that regard.

Senator Prowse: Well, there is an in-house problem here because they both come under the same general head.

The Chairman: I think, senator, you are getting too far into the supplementary.

Senator Prowse: Just one further question. Would it be possible for you to arrange that where a person at your request voluntarily leaves his job, that be considered as not voluntarily leaving his job for the purposes of the UIC? Could that be arranged?

Mr. Manion: I think it is something we would be pleased to discuss with our colleagues in the Unemployment Insurance Commission. It is a very good suggestion.

Senator Prowse: Thank you very much, and I apologize, Mr. Chairman.

The Chairman: Not at all, senator, the issue you raised was an excellent one.

Senator Grosart: Could you give us the total number of your clients who took industrial on-the-job training? I ask that question because in your table 10 in your annual report you give a lot of other information, but the only training-on-the-job information you have is with regard to disadvantaged people. How many people have you actually provided on-the-job training for?

Mr. Manion: Table 10 in the annual report deals only with training provided for clients with special needs. We can provide statistics on the total number of trainees in each category. It will take us a few minutes to get them.

Senator Grosart: I want to know what the magnitude is of this compared to the 2 million people who have come to you seeking jobs, or upgrading of their jobs. What is the percentage of the total?

Mr. Manion: If you look at table 9, in the same annual report, senator, you will see the number of people enrolled

in the different categories of training. The total in 1973-74 was 319,726 people, of whom 236,218 were full-time trainees, and 83,508 were part-time trainees.

Senator Grosart: What is the difference between training in industry and training on the job? Your figure for training in industry is only 33,000.

Mr. Manion: Thirty-three thousand six hundred and seventy. Training on the job was 9,404, of which 1,000 were clients with special needs taking training on the job.

Senator Grosart: But 319,000 is your total.

Mr. Manion: Three hundred nineteen thousand is the total.

Senator Grosart: Of what?

Mr. Manion: The total number of people enrolled in manpower training courses, both institutional and industrial, in 1973-74.

Senator Grosart: Yes. You gave me that answer, 319,000, in reply to the question as to how many are taking training in industry; so it is the figure 33,000. That is the total number of all your clients that were trained in industry.

Senator Carter: Including on the job?

The Chairman: No. Not including training on the job for disadvantaged.

Senator Carter: I see. It is the same thing, but there are two classes of people.

Mr. Manion: Yes. In 1973-74 we operated two programs: one was the training in industry program and the other was the training on the job program. The training on the job program had several elements, one of which was training on the job for skill shortage and the other was training on the job for the disadvantaged. In 1974-1975, all those training in industry components have been integrated into one flexible program.

Senator Grosart: We still come back to the fact that I am referring to, which is this constant complaint from your side about non-co-operation from industry. There may be something wrong on both sides if you have only been able to place 33,000 people in training in industry, which the minister said is the ideal.

The Chairman: One of the complaints that has been registered on the part of industry is the selection of trainees. Industry does not feel it has enough say in the people who are selected for industrial training. Could you comment on that?

Mr. Manion: I think a lot of industry's complaints are well founded, but that one is not well founded, senator, because industry has the say on who it takes on as employees. We cannot force them to take anybody they do not want.

The Chairman: Can you stop them from taking somebody that they want?

Mr. Manion: No; but we can stop paying for the training if that particular individual does not fit the criteria of the training program. Some employers, for example, want to hire workers who are already trained, and then get a training grant to retrain them. We would refuse in that

case. They want a training grant to train the disadvantaged, and yet they want to hire people who are fully skilled and fully advantaged. We would not pay in that case. But we cannot force them to take anyone they do not want. They do have the final say in that, and they do exercise it.

Senator Grosart: What contribution do you make to the income support of a person who is qualified for industry training?

Mr. Manion: We provide wage reimbursement to the employer. In other words, the worker receives a pay cheque from the employer. We can reimburse the employer up to the maximum level of the institutional training allowances, which is the maximum of \$120 a week, all inclusive; so we can make a contribution of up to that amount per week.

We do have certain criteria. In the case of some kinds of training we would insist that the employer pick up a substantial part of the cost. Generally, the costs which the employers meet and the costs which we meet are roughly equal: 50 per cent.

Senator Grosart: There seems to be something wrong somewhere, if an employer can get a 50 per cent wage subsidy to train people on the job and yet we have no more success to show for it than 33,000 people. Other countries are putting far more emphasis on this than we are. Is that not so?

Mr. Manion: We have had as much success as we could afford to pay for, senator. That is the problem.

Mr. Gotlieb: It is at the limit of the federal funding available. They may be doing training themselves, but that is the amount which the federal government has funded.

Senator Grosart: That is the amount you have asked for.

Mr. Gotlieb: That is the amount we have been able to get.

Senator Grosart: I say that is what you asked for because, obviously, you put that in your votes and that is what you ask for. Whatever money you receive is fairly close to what you ask for out of your total of \$715 million. I am suggesting that if you are not getting enough you should be asking for more, or that you should examine this to find out where the fault lies.

The Chairman: That would raise the question of whether or not the amount appropriated to institutional training is committed before the agreements are ever entered into. In other words, the provinces require so much money and the bulk of your money has to go to institutional and you have nothing left over for industrial.

Mr. Gotlieb: We could use more money. We have asked for these funds from parliament, but in our discussions inside the government we have felt that we could use more money in this area. On the whole, we have wanted to make sure, as the program has developed over the years, that it has been effective and that the results justify the increased demands.

As the minister pointed out, we have increased the program by something like 34,000 per cent in the last 6 years. It started out as a rather modest program 6 or 7 years ago. Of course we would like to see more funding in this program and we would like to see a greater emphasis on it as well, as a department.

Senator Grosart: Perhaps it is a matter of persuasion, but it seems to me that if you have had a 34,000 per cent increase you should certainly have had better results than indicated by that 33,000 figure. I find it incredible, especially when I look at what other countries are doing and see where they are putting fantastic emphasis on training in industry.

I wonder if I could ask what percentage of your total placements, your 1 million total placements, are at or near the minimum wage?

Mr. Manion: We would have to dig that out for you, senator. We have done some sample surveys of our placements and wages related to them. A significant proportion would be the lower paid jobs. I mentioned in one of the earlier discussions that in a study we had done on one metropolitan area the job orders registered with us paid wages, on average, 30 per cent lower than the general wages paid in that metropolitan area. We do tend to get the lower paid jobs.

Mr. Gotlieb: Not necessarily at the minimum wage, though.

Senator Grosart: I say at or near.

Mr. Manion: In southwestern Ontario, for example, our CMCs advise employers that they simply cannot find anyone at the minimum wage for them and that there is no point in registering orders with us for less than \$3 an hour.

Senator Croll: You said, Mr. Manion, that some of your people in parts of Ontario said the best they can do is \$3 an hour. Have you had that from other parts of Canada also?

Mr. Manion: No. It is just a bit of non-statistical information I picked up in my travels. I do know that CMCs will advise employers when the wage offer they make is unrealistic and we would be unlikely to make a placement. We will still take the order if the employer insists.

Senator Croll: That is not my point. I agree with everything you say. All I want to know is how far that \$3 went. Did it get to the deputy minister or to the minister? Is it going through the department?

Mr. Manion: It has gone all through the department, senator, right to the very top.

Senator Benidickson: As a matter of interest—and I think it should be in our minutes—the *Montreal Gazette* reports this morning that the Quebec government has under advisement recommendations that the minimum wage should be \$3.15.

Mr. Manion: Incidentally, senator, I should point out that we did provide, on February 27, some tables showing the distribution of weekly wages for clients placed through CMCs. The table should be available with the secretary.

Senator Croll: The problem is, it takes us a little while to receive our notes. I have not received it yet.

Mr. Gotlieb: Mr. Chairman, may I comment that I referred earlier to the increase in the industrial training expenditures from \$1 million to \$34 million, which is really 3,400 per cent and not 34,000. I am a bad mathematician.

Senator Carter: I come back to my original question on training. Mr. Manion made the statement, in reply to Senator Grosart's supplementary, that there are times when

employers want to take on trained people and retrain them. That leads into my second question. I have found out, from my inquiries, that very often in industry employers are not impressed with the type of training given in these courses. We know that the courses themselves differ from one province to another. Have you made any survey with employees to find out what their opinions are with respect to electricians, plumbers, and particularly machinists? I have run into complaints. They say, "These fellows take a course, but what is it? It does not amount to a row of beans," according to the minimum requirements. Have you made any survey—I cannot see anyone doing this apart from the federal government—to find out what the industry thinks are deficiencies in these courses, or their appraisal of the value of the content of the courses? We have a policy of mobility, but if we are to make a mobility policy effective, we must have some standardization of courses, agreed standard, among the provinces. The first step would be to make a survey to find out what industry thinks of the various trade courses being provided.

Mr. Manion: First, on the question of the survey, virtually every training course offered in an institution under the Canada Manpower Training Program has an advisory committee made up of employers in that industry, including normally some of the unions. They are the people who say what the course should be. Very often the employers who do most of the criticizing are not aware of the fact that their own group has had a great deal to say in what the course should be, how it should be run, and so on. Very often, the people who teach the courses in the Training institutions are skilled workmen hired from the industrial sector as opposed to professional teachers. We also check with employers when we make employer visits. Generally speaking, it is not our impression that the employers feel that these courses are not adequate. What employers very often want is something which is unattainable, that being a newly graduated trainee from one of these courses with ten years experience. That is simply not possible.

Senator Carter: That is not the type of criticism to which I was referring. I quite understand that you have a committee who would have some say as to the content of the courses, but what they do not have a say in is the level of skill regarded as the passing level. That is a decision of the institutions themselves. It is the level of skill attained that is being complained about.

Mr. Manion: The problem in the past, very often, related to the fact that the definition of the skill involved was deficient. Up until the development of the Canadian Classification Dictionary of Occupation, we did not have an adequate definition of what the job was, how the skills were acquired and how they were performed. That is now available. It is going to help solve the problem which you have raised.

In addition to the Canadian Classification Dictionary of Occupation, we are now encouraging the provinces to pool their efforts on occupational analysis and curriculum development. We have a program called the Red Seal Program, the official title being Program in respect of Inter-provincial Standards tradesmen's qualifications. That program is designed to provide consistent occupational analyses, licensing requirements, and courses for individual occupations right across the country. I believe there are some 34 major occupations now covered by that program. We would like to see it extended into the hundreds.

What was lacking in the past was an adequate definition and analysis of the occupational skills required. That is now, we feel, partly in place and will be increasingly in place as time goes on. So far as complete standardization is concerned, I do not think we will ever have that unless we have a complete standardization of the educational system across the country.

Senator Carter: In my opinion, the best trades training courses available in Canada are those provided by the armed forces.

Mr. Manion: I quite agree, senator. We have hired away from the armed forces some of their key people and they are helping us advise the provinces as to what we would like to see done.

Senator Carter: What I am getting at is that the armed forces have certain standards, a certain content in their courses and levels of grading required to pass out of those courses. They have their preliminary courses and the students work their way up through the courses to the higher levels of skill.

Senator Croll: I can verify as to the drill courses, Mr. Chairman!

Senator Benidickson: Colonel Croll.

The Chairman: Can you remember it, Senator Croll?

Senator Carter: We have ten provinces with ten different levels of education, ten different types of courses. In my view, the armed forces programs could provide a standardization for the whole works. The armed forces programs could be a bench mark, a yardstick.

Mr. Manion: I think there is a great deal of consistency occurring in occupational training more and more as time goes on, senator, and as a good course is developed based on a good definition of the skill required, the curriculum is made available to all the provinces. Provinces will not continue offering a bad course if they can offer a good course. If they can get one that has been developed elsewhere they will take it. One of our roles is to act as a clearing house, to get this information around, and to persuade provinces to use it.

As Mr. Lefebvre mentioned last week, we are devoting \$5 million a year to what we call a training improvement fund, aimed at precisely that problem, the improvement of the quality of training, the greater distribution of new techniques, standardization of curricula development, and so on. In the Maritime provinces for example, they are well on the way to developing their curricula jointly throughout the four Atlantic provinces; they have done a great deal of work on that. Ontario and Quebec are doing a great deal of work in this area.

Senator Carter: Earlier you mentioned job readiness, the upgrading of literacy program. I cannot say every province, but I know that many provinces—and I would assume every province—have their own adult educational programs, which are free to people to upgrade their literacy. If a person is functioning only at, say, grade 3 or 4 level he can take advantage of these adult education programs sponsored by the government. Do you encourage people to take advantage of these provincial courses, do you go out and buy additional courses, or do you buy adult education night courses which the province would normally make available?

Mr. Manion: We encourage people to use the adult education courses when they are available. We also encourage them to use the correspondence courses that are available, or educational TV programs. We will buy the evening courses only when they are specifically related to an occupation and when they fit in with an occupational training need. For example, an employed tradesman may be able to improve his skill; he may be in an occupation that is in jeopardy and he can improve his skills and employability by taking a night course. We put on some limited training of that kind under the Canada Manpower Training Program, but it is very restricted. I suppose in terms of dollar value it runs at about one and a half per cent of our budget.

Senator Carter: Earlier we discussed the NewStart program. Senator Croll, myself and other members of the Special Senate Committee on Poverty came across this when we visited Prince Albert. As Senator Croll said, Manpower sponsored it, but they seemed to be trying to get rid of it. I think our committee persuaded the government that it should be continued. At the same time I was a member of the Special Committee of the Senate on Science Policy, and what interested me in that NewStart program was that it was the first bit of educational research we had encountered. There was all kinds of industrial research, chemical research and so on going on, but in the social sciences there was none, and nothing in education. This was the only research in education we discovered as members of our science Policy Committee. What is the relationship now with NewStart? Did the province take it over? Did you unload it on the province?

Mr. Manion: At the time you saw it it was part of the Department of Regional and Economic Expansion.

Senator Carter: That is right.

Mr. Manion: They were all due to phase out at the end of five years. In the case of the Saskatchewan NewStart, instead of letting it phase out our department took it over. It is now part of the Manpower Training Branch under Mr. Lefebvre, who spoke to you last week.

Senator Carter: We had a terrible time persuading the government to continue it. They wanted to get rid of it.

Mr. Manion: In the original terms of reference the NewStart projects were to terminate after five years. There is a problem with the continuation of that sort of pilot project indefinitely.

We feel that the Training Improvement Fund, which provides training improvement activities all over the country is a logical successor to the NewStart approach. We can buy research and special developmental activities without becoming locked into an establishment which will go on for ever.

Senator Carter: I do not care what you call it, whether NewStart or something else, but the essence is that it is educational research. However, it is not being done anywhere.

Mr. Manion: There is more educational research being carried out, but it does not receive much publicity. Our department funds a certain amount of it through the budget of the Strategic Planning and Research Group. It is done also, I believe, at the University of Calgary, the Ontario Institute for Studies in Education and so on. There is not sufficient of it directly related to occupational training, however.

Senator Carter: It is not of the type with which we are dealing.

Senator Neiman: Mr. Chairman, I believe an element in Senator Benidickson's question to the minister was not answered. As I recall it, his reply dealt primarily with the department's policy towards immigrant workers. He did not deal with the natives, although it is an on-going concern that we should employ our native population wherever possible rather than immigrant workers. First of all, I would like to know if there is a very definite policy within the department toward limiting the number of immigrant workers in any area in which there is any possibility whatsoever that we could employ our natives, native unemployed, or other unemployables?

Mr. Gotlieb: Mr. Chairman, the policy of the government is quite firm, that we would not allow a non-Canadian to be brought into the country to take a job on an employment visa or as an immigrant. We would not accord points for a job if there was a Canadian or a landed immigrant available.

The counsellor at the Manpower centre in the region of the job must make that determination. If a suitable person is available, or could be made available in a very short time so as to meet the employer's requirements, that employer would not be allowed to utilize a non-immigrant on an employment visa, or even obtain points to bring an immigrant in.

That is the definite policy of the government and it is, in fact, that the Manpower counsellors must utilize their judgment and discretion. Their decision is final. As far as my minister is concerned, he has gone on record publicly in this regard. He said in Alberta quite firmly that he felt the proper course is to utilize and find ways to utilize native labour for jobs and not import workers from all over the world.

Senator Neiman: How do we get around this: We have imported workers, I am not sure whether it was the fruit farms in Western Ontario—

Mr. Gotlieb: Yes.

Senator Benidickson: For a limited period.

Senator Neiman: But it seems to me that at the same time we have a large reservoir, in a sense, of unemployed natives in the particular area. Is it simply that the finding is made that although the natives are available we do not wish to use them, or they do not wish to work?

Mr. Gotlieb: Well, senator, the natives are used in various parts of the country and I know, for example, in the west a lot of the harvest is done traditionally by the natives and for many years they have been doing this. They are brought down and special arrangements are made. But in many cases it has been the experience of the growers that they cannot obtain labour in Canada. Using student labour, native labour, getting mobility grants and bringing labour sometimes from Quebec and Ontario, nevertheless for many, many years there have been problems of labour shortages in the industries which depend upon seasonal growing. This has been plaguing the employers and they are extremely critical of the various roadblocks which we have put in their way. We do not allow them to import labour and we do not allow them to come along just with an employment visa and import labour. We insist that even if there is imported labour it

should be part of a very carefully regulated guest-worker movement and for a limited time only and then only if we as a manpower centre determine that Canadian labour is not available.

Senator Neiman: I accept that because I realize too that there is an element of racial bias to a great extent on the part of some employers, and I am sure that you have come across this too.

Senator Benidickson: I do not accept it at all. It should not be there.

Senator Neiman: I mean, I am accepting the answer, but I quite agree with you that I do not accept that it should be an attitude of any employer. I also have in mind the other aspect of this, and here I am thinking in terms of north-western Ontario, that Senator Benidickson knows extremely well, and that I also know—

Senator Benidickson: And northern Manitoba. You were raised there.

Senator Neiman: Yes, where you have the mining industries that we were talking about and, again, you have a large native population who are chronically unemployed. I think many of the natives are tired of hanging around the local corner and want to do something better than that. I know we have large numbers leaving the reserves and coming down to the cities and trying to find employment there. I wonder if there is not some way that we could take some of our unemployed carpenters, for example, if there are any, and move them into those areas to teach the natives the basic skills required to build, for example, their own houses. This would apply to plumbing and other skills as well. Let them build the houses and let them move into the mining areas. Is there some way of putting all these various needs together in some very concrete way?

Mr. Gotlieb: If I could comment on that, Mr. Chairman, perhaps I should mention in reference to the earlier comment about farm workers in this country, 95 per cent of the farm workers here are Canadian. Going on to your broader question, I think this is obviously one of the most difficult issues that we as a department have to face, and we are working very closely with the Manitoba government who are very conscious of the need in northern Manitoba for providing priority of employment and priority of opportunity to native workers. A number of our newer programs are really directed very much to the population of which these indigenous people are a large part. Our community employment strategy will have as one of the key target groups in the community the native population. Of course, our Outreach program also tried to reach large parts of the native population. We have tried bringing in skilled people to teach the native population the trades necessary to build their own houses and to meet their own requirements. LEAP again has been an extremely important instrument for reaching that population. We have found that the traditional techniques—and I am sorry to repeat something I have already said—have not worked. This is why we have used LEAP. We have hopes for the community employment strategy, and we know that we will have to use novel and unconventional means. We have hopes also for our Outreach projects. Many of our counsellors are innovative and very committed to finding solutions. As a department we, and our own minister, are totally committed to the view that being able to find some kind of permanent employment in an environment which is successful, and meets the needs of the native population, is one of the very

top priorities we have, and we are very reluctant to see indiscriminate use being made of employment visas or imported labour. We have definite experience, and unfortunate experience, with a number of employers who, every time they want workers, simply go abroad to find them. That is because they have been very slow, many of them,—not all, but many of them—in certain industries, to adapt the working conditions, wages and attitudes towards work to the characteristics not only of the native population but, really, to a very large part of the indigenous population which is disadvantaged. We have been very restrained in the garment industry, particularly, and, I think, very very careful in using imported labour of any sort in cases where we think that the industry is simply not responding to the realities of the employment situation in Canada, or in the region.

Senator Neiman: I realize, as I said, that you have to educate the public and educate the employer, to a great extent; but, to me, the problem of the unemployed native people, or the indigenous people, as you call them, is one of massive concern, and should be to all of us. It requires not only your department's cooperation, but the cooperation of several other departments to put this all together in some meaningful way. I think it is an area that requires a massive infusion of energy and capital.

Mr. Gotlieb: I would like just to mention, this, senator. We have a special program or project that was initiated some months ago under which we are working with all of the principal native organizations and associations.

Senator Neiman: Your task force.

Mr. Gotlieb: Yes. Our task force, which you probably heard about. That was brought into existence to try to develop the flexibility, imagination and creativity, really, that are necessary to find solutions.

Senator Croll: I would just like to let the committee know that last year there were brought in for northern Saskatchewan or Manitoba, I am not sure which, Spanish workers for working in the bush. I was shocked when I heard about it, but I found that it was absolutely true.

Senator Prowse: They did not know about the black flies.

Senator Croll: It shocked me, but that is what the employers had to do.

Mr. Gotlieb: Could I ask my colleague to comment on the situation regarding the Spanish workers in Saskatchewan? I think it would be useful if he were to do that.

The Chairman: We will ask Mr. Manion to comment on that point.

Mr. Manion: That particular point was going through my mind as Senator Neiman spoke earlier. I might say that the deputy minister and I were equally shocked to hear about that northern Saskatchewan situation. I spoke personally to the employer in that case, and to our regional people, to find out what had gone wrong, because there are native people in northern Saskatchewan who could do that work. I found that we had been recruiting native workers by the hundreds and referring them to that employer. But they did not stay, and, for that reason, there were chronic shortages and an arrangement was made locally to permit the entry of the Spanish workers. Incidentally, since that time that particular decision is no longer made locally.

The Chairman: I want to interject here to say that the feeling seems to be that if anybody from outside is employed it is, *per se*, wrong. I just want to emphasize to the committee that in the case of the Spanish workers it may well be that the employer was justified in doing what he did. Indeed, from what Mr. Manion has told us, I think he was justified.

Mr. Manion: Just to give the end of the story, senators, in talking to the employer we pointed out that in the short run he had a serious problem which could only be met by importing workers. Otherwise he would go out of business. But in the long run he had to find a way to use the local labour. This meant not only that some of them had to change their attitudes and expectations but that he had to alter his way of doing business. Now he has hired a man whose full time job will be to liaise with the native people. He will be a counsellor and a problem-shooter and his sole job, once the natives are recruited, will be to stick with them and help them solve their problems so that they will not just drop off the job. We hope that if we can cut down the turnover of native workers, the need for importing Spaniards in the future will be reduced.

Part of the difficulty is, of course, that employers of this sort tend to expect the workers to make all the adjustments. They have to adjust to a forty-hour week, they must adjust to an eight-hour day, and so on. But the employers, who have been successful in hiring natives have learned to make adjustments themselves and to adapt their work requirements to some of the attitudes and expectations of the workers—and with great success. We are urging this employer to do the same thing. So, while we were shocked to hear of it, I think the long-term results may be positive in that the employer is going to make some adjustments.

Mr. Gotlieb: If I could add to that in reference to your comment, Mr. Chairman, we have authorized something like 100,000 employment visas in the department since January 1, 1973—and that is just for employment visas. It is not for immigrants; it is for non-immigrants. We often meet employment requirements in this way. We have to be satisfied that a Canadian is not available, however. Very often, sir, if I may add this point, we do find that employers who have a history of relying upon imported labour have continuing problems because the labour does not stay. The turnover is very high, and all they are doing is bringing people into the country to go on to other jobs. That may or may not be desirable. But they are not keeping the labour. The immigrant is a very mobile person. It does not take him very long—a very short time, usually; perhaps a week or two—to realize that he is not being paid very well and that he can do better down the street.

Senator Croll: Were you under the impression that I was being critical of the department? I was not.

Mr. Gotlieb: No.

Senator Croll: I was not being critical at all. I merely brought it to the attention of the committee so that we could understand that there are some jobs which our own people will not take. There is nothing that can be done about that. I have lived with that situation in southern Ontario for years.

The Chairman: I just wanted to make the point that when these issues come up the most natural thing in the world—it is almost a knee-jerk reaction—is to blame the

employer. I would say blame is probably diffused a lot more than that, and may be diffused entirely in society.

Senator Benidickson: I have a supplementary directly on this matter of immigration labour. As an inquiry committee, I do not think we can leave it and just say that somewhere some people are in this category. Apparently 100,000 people have had work permits granted since 1973. That is quite a considerable number. It should be broken down, for the information of the committee, into trades, and perhaps into areas.

Mr. Gotlieb: We can do that, senator.

Senator Benidickson: I am confining myself to mining, simply because of my conversation, to which I referred, with a former director of a very large mine, now a colleague in the other house. I would like to have some information, particularly with regard to the mining industry. Have applications been made by employers in, say, the area of the Northwest Territories, where we have two very large mines like Pine Point? I think of Dynasty. I think of Northern Manitoba, at Flin Flon; of Thompson, Manitoba, where we have International Nickel; and I am thinking of my own area of Red Lake. Since my time as Minister of Mines and Technical Surveys we have had an iron discovery. Red Lake was a gold mining area. We have had a substantial payroll south of Red Lake, at Bruce Lake. Could we put oranges to oranges and see where we are on some of these things?

Mr. Gotlieb: Mr. Chairman, we can provide the information which has been requested. We can provide a breakdown for all occupational groups. So far as mining and quarrying is concerned, in the year 1974 the department issued 379 employment visas. These, of course, were not for immigrants, but for non-immigrants. There were 379 employment visas issued. We can give a breakdown by region. There were 142, for example, in Alberta.

Senator Benidickson: But we do not know what part of Alberta.

Mr. Gotlieb: We could probably get that detailed information. We can go as deeply as you wish.

Senator Benidickson: We do not know what companies.

Mr. Gotlieb: We have all that information.

Senator Benidickson: I would like those details. There is no hurry about it.

The Chairman: Perhaps, senator, we could ask Mr. Gotlieb or Mr. Manion to communicate with you and provide you with the information you require.

Senator Benidickson: I am already on the record. I have pinpointed some spots I am familiar with. I would like to balance the number of applications which have been made by certain companies operating there and the number of work visas provided.

The Chairman: We will check the record and provide you with that information.

Senator Prowse: Dealing directly with immigrant workers, why they bring them in and why they do not use Indians or other native people, I would say that beets follow irrigation. In the late twenties there was a sugar factory. That was the major occupation. When I was a child in high school, we were glad to get jobs working there, to get spending money hoeing the beets. Beets had to

be thinned by hand, and still do because there isn't a machine to do it. They have to be cultivated three times. You can cultivate between the rows but you cannot cultivate between the beets with a machine. It has to be done by hand. In that area the sun shines all the time. The work is done under conditions where the surface and ordinary temperature will be over 100 degrees, and there is probably a west wind blowing, which makes it worse. What happened was they approached, first of all, Hungarians, Czechoslovakians and some Austrians to work in the beet fields and the next thing you would see was whole families of those people going down the rows with their hoes. Next, those people owned the farms and they, themselves, began to run into labour problems because their children did not want to work in the beet fields. At that point, the dislocated Japanese were available and today they own a lot of the farms.

The reason you cannot get Indians to do it is, first of all, not because it is backbreaking work, but because it is the damndest kind of work because of the heat. More importantly, however, from a cultural point of view, Indians regard the earth as mother earth. You cannot get them to farm because every time you cut a plough into the earth, you are cutting mother earth's skin, and harvesting a crop would amount to cutting mother earth's hair. Their view is that if they do that, they will have nowhere to go for comfort when they are cold and alone.

Although this sounds funny to us, it is damned serious business to the Indians, and one has to remember that when working with them. They finally had to bring in migrant workers to solve the problem. My point is that we should be concerned with it, but let's not try to make them do something that they simply will not do.

Senator Neiman: With regard to the Outreach projects, which of those are repeated and for how many years?

Mr. Manion: We enter into annual contracts for each of our outreach projects, but we do have a general understanding with them that if the monitoring and evaluation is satisfactory, we will renew up to a maximum of three years. We have not yet hit the point when a large number of them will have completed the three year period, but at the end of that time they will either be phased out, or we will have to consider ways of incorporating them into our ongoing service.

I was in the Atlantic region recently and saw a number of excellent projects called Pro-Feminae, and it is obvious to me that if they continue at the rate they are going now, within a couple of years we will have to absorb them as part of the services of Manpower.

Senator Neiman: What type of projects are they?

Mr. Manion: They provide counselling service to women returning to the labour market. They work in close cooperation with our CMCs and provide a facet to our activities which we did not have previously. It is this type of program which, over time, should not be a special temporarily funded activity, but an ongoing activity. Others which have proved their value and provided the learning experience we needed should be phased out.

Senator Neiman: I notice there is one called Opportunities for Women in the Ottawa area which provides career counselling to women. It seems to me that this should be part of the services of Manpower on an ongoing basis rather than a specially funded project.

Mr. Manion: One of the purposes of Outreach, of course, is to provide a service, whereas another project might be to learn new ways of doing things. If certain projects prove worthwhile and provide a needed service, then we would have to consider ways of absorbing such programs into our permanent ongoing services.

Senator Prowse: If I were an immigrant who spoke neither English nor French and I walked into a Manpower office here in Ottawa, I understand that Manpower, without any difficulty, would put me in a program to help me learn one of the official languages.

Mr. Gotlieb: It is not automatically so. If it is felt beneficial or required for him to get a job—if he is a self-employed artist, for example.

Senator Prowse: Then it becomes a problem.

Mr. Gotlieb: Yes, it becomes a problem.

Senator Prowse: Let us take the other situation, the fellow who has been looking for a job and is having a tough time. He comes in and says he has been trying for situation after situation and if he could be bilingual or even speak a few words in the second language he could get a job. My understanding is that at the present time you have no program or funds available whereby you can provide that fellow with training.

Mr. Gotlieb: They can qualify, but the position is that there are very few in the country who benefit from that training, who are Canadians, because of the funds not being available. We are studying that point now and trying to get our handle on it as to what would be the true demand. We know that we are just nowhere near capable of meeting the true demand that would exist.

Senator Prowse: The ridiculous part of it is that if that person—let us say it is myself, and we all went through this terrible experience—if I happen to land a job anywhere in the Public Service or certainly in certain categories of the Public Service and I indicate that I would like to learn the other language, I can immediately get shipped off to a four-month immersion course. But where I could get the job if I had the immersion course before I came in, and I indicated that, it is just through shortage of funds that it is not available. Is that correct?

Mr. Gotlieb: It is correct that if you came in as an English-speaking Canadian citizen—

Senator Prowse: That is me.

Mr. Gotlieb: And if you found your employment opportunities were limited because you were required to know French for that employment, it is up to the program. You could qualify for the program but the funds are not available, or they are available only in a very limited way. There have been some Canadian migrants who have benefited from the program but they are very few. I would say that your point is quite correct.

Senator Prowse: On the shortage of funds, I would like to see you get funds for that because it seems to me to be useful. I have a series of other questions.

Senator Graham: Mr. Chairman, on a point of clarification, I think I raised this at one of the other hearings, that funds are available to the immigrant for language training to suit the job but funds are not available now. I think the minister indicated that in limited amounts they are avail-

able for example, in the case of a man in New Brunswick who was a carpenter and could be employed in the province of Quebec but cannot find employment in his own area. There is employment in Quebec but he has to have French. If someone was an immigrant and was a carpenter he would be given the language training in order to get that job. But for a Canadian from New Brunswick, the money was not available to get a similar type of job—unless he was in the Public Service.

Senator Prowse: That is true, he cannot get the job because he has not got the second language.

Mr. Gotlieb: That is essentially correct. The language courses are set up for immigrants and they are part worked out within each province and an estimate is made of the demand, based upon the number of immigrants who are likely to use the course. If there are particular cases and there are places in the course—because for some reason not all the places have been used—then a Canadian may be admitted into that course. But the course is aimed at the immigrant community, or the immigrant, and it is designed for him. Marginally, Canadians sometimes benefit. I would have to be very general in this respect. If one were to develop this language training program on a national basis for any Canadian who felt or believed, or was so certified by a Manpower counsellor, that a knowledge of the second language would help him find employment, or improve the quality of his life through employment, or basically do what an immigrant can do, I think we would be talking about an extremely large funding program.

Senator Prowse: We are spending \$135 million now, and we are going to spend \$38 billion this year. Surely out of that we can find enough to help Canadians to acquire the two languages. A fellow comes in and looks for a job; he is turned down because he has not got the second language. That is where the problem arises that I know about. I presume it was the same thing with French-Canadians for a long time, and it is still the same with some of them now. I think it would be a good thing if everybody in the country spoke both languages; I am all in favour of this. But then I find out, by gosh! I cannot get a job because I cannot speak French. I am all ready and willing to go, I am on unemployment insurance, I do not want to draw it for a cent longer, rather than have that I beat my heels off looking for a job; Manpower has got nothing for me; I am not mad at any of them, everybody is doing the best they can; but then I can't get the training and I can't get a job. Believe me, at that point I start to think there is something wrong with my country when I cannot get a job in it. I know it is not your fault. What I am saying is: don't be afraid to ask for the money because, damn it all, you ought to have it.

Mr. Gotlieb: I am taking note of these comments, but I would like to add one thing so that there is no possible confusion about our program. I know you appreciate this, but the program is not applied to immigrants as a matter of right. In fact, only a fairly small number of immigrants actually go on language training. In 1973-74 we may be talking of around 10,000 people.

Senator Graham: How much money was spent?

Mr. Gotlieb: It is 10,000 individuals. I don't know what the cost would be, but I could get it for you. It is 10,000 out of a total immigrant arrival of around 200,000, of whom perhaps 40 or 50 per cent may be destined for the labour force. We would allow language training only if there was

a very solid conviction on the part of the Manpower counsellor that it was essential in order to obtain employment in this country, that the person could not otherwise get work.

Senator Prowse: I am not criticizing you; don't think that. I just want to help you do the job you want to do. It seems to me ridiculous that we cannot give a person that kind of simple assistance. I warrant that it is not an unusual problem for your Manpower offices to run into this, where the guy says, "Gee! I'd like to help you but..." and that's it. So that's it; that's all he can do.

Mr. Gotlieb: That is true.

Senator Prowse: The next thing is this. I have talked to people working at a level of, say, \$8,000 a year. A man either leaves or loses the job for some reason. He is then entitled to unemployment insurance. He goes to Manpower and there are no jobs available for him at that level. There are other jobs he could do temporarily if he was sure it would be temporary, but the moment he moves into another job two things happen. The amount of unemployment insurance benefits will be less than he would have drawn upon leaving the first job. The second point is that when he applies for another job and is asked what his previous pay was, although he wishes to get back to the \$8,000 level after being down to \$4,000, he is damned, because the employer discriminates against him.

Is there anything to be done about such a situation? Could we not take that person, if funds were available, although he is semi-killed or over-specialized, and with a little extra training give him better qualifications and place him? There is no way you can give him training at the present time. He, presumably, could go to the library and get books, but people just do not do this sort of thing. Is there any way we could make it a condition of drawing unemployment insurance benefits that training must be taken in order to qualify the recipients better and enable them to become more useful and better citizens?

Mr. Gotlieb: Mr. Chairman, a very important part of the special interview program which we discussed in the earlier sessions is dedicated precisely to that. The individual goes through a lengthy interview with a Manpower counsellor and if, in fact, he can be referred to training, that is the preferred solution.

Also, in the Newfoundland pilot program which we have discussed a good deal the two agencies, our department and the Unemployment Insurance Commission, have combined efforts. Where we do identify jointly an individual who might be in that situation, rather than him simply sitting at home collecting the benefits, he will be placed on training and receive the equivalent in the way of allowances. That is one pilot project which we are carrying on and contemplating introducing in other parts of the country. It gives us an opportunity to learn, really, the life history of these trainees after their courses. Do they, in fact, benefit and what are the cost-benefits of the system? It may well be that the cost-benefits are good enough to justify moving in that direction on a much broader basis.

In any case, certainly our own concerns within the department are very much along the lines which you, senator, have pointed out. Our major thrust is really to find a method to get these persons into up-grading rather than having them sit around drawing unemployment insurance.

Senator Prowse: The aspect that concerns me and, I am sure, it equally concerns you, is that he sits on unemployment insurance and graduates into welfare.

Mr. Manion: That is absolutely true.

Senator Prowse: If this happens, it costs a great deal of money. On the other hand, if during that period when the person was on training we spend money on him to up-grade him, we would not then have to spend money through welfare and he might even become a good, substantial taxpayer.

Mr. Gotlieb: Part of the problem is the question of program flexibility in the use of funds. The funds have tended to be identified to the whole procedure and system of funding programs, with particular funds for particular programs. Unemployment insurance is one program, the department another, and even within the department there are different budgetary items. If the government were able to find a way to provide greater flexibility, taking the total amount of existing funding and we could achieve greater flexibility in using it, just as a matter of course a person could go on training, rather than simply staying at home and using the funds. This would apply even to welfare. That money could be maintained, but the recipient would be on training. However, those are really provincial funds, so we encounter the problem of red tape.

Senator Prowse: If we were to take the leadership first, maybe we could persuade the provinces to follow. So do not quit trying because the other guy may not come in.

Mr. Gotlieb: We are certainly trying to take that leadership, senator. We are working with welfare clients in Newfoundland, British Columbia, Manitoba and various other parts of the country in an attempt to develop more flexibility and more room for taking people from the welfare roles and getting them into genuine productive tasks.

Senator Prowse: Let me just go back to a point you mentioned earlier because I have what amounts to a supplementary question on it. You said that you did everything that you could with the money you had for training on the job. My question is this: Were your sums limited because you made a calculated estimate that this was the most you could get, or did you ask for more and get cut down?

Mr. Gotlieb: I would have to go from my general recollection for the last two years, but I am confident that what happened here is what generally happens as part of the process of funding. We did ask for more and we could have used more funds and we can use more funds, and the figures that are actually reflected in the budget we have represent the funds that were accorded to us by Parliament at the request of the government. But they do not completely reflect what the department felt could have been used.

Senator Prowse: The average businessman you run into is screaming his ears off about all these bums sitting around collecting unemployment insurance and welfare. They are all in favour of regional expansion plans and programs to assist disadvantaged areas which involve millions of dollars in subsidies to the business of the businessman. Now, that is not welfare. In fact it is just the thing the government ought to be doing. But the moment we start to try to spend some money to make some labour available so that the thing will work, it becomes a waste in welfare. I am just suggesting this to you, you should raise

bloody hell to get the money you want, and I think you will be surprised—if people find out that you are looking for it and not getting it—at the amount of support you will get. Because what you are trying to do here is very important. I think that it is more important that people should enjoy the dignity of earning their own living rather than that they should live without dignity on welfare and other assistance, while there are some people up at the top who think they are really “whopping” a beautiful free enterprise system while 50 per cent of their income is coming from government grants and subsidies. I am through, Mr. Chairman.

Senator Croll: Let us have no answers, please. That is perfect just as it is.

The Chairman: I think, Senator Croll, that if the witness feels he wishes to answer he should be allowed to do so.

Senator Prowse: It was neither a question nor a crack at the department.

Mr. Gotlieb: If my minister were here I am sure he would say amen to that. I will say it too.

Senator Prowse: Just don't forget that you have friends!

Senator Benidickson: I would like to raise a point of privilege, Mr. Chairman. Senator Prowse indicated that he felt that there were people who did not know what they were talking about here this morning. Now I know nothing about sugar beets in southern Alberta, and so I ask questions only about areas that I know something about.

Senator Prowse: I was not fighting with you, senator, and I made it perfectly clear. I was explaining about the situation in southern Alberta.

Senator Benidickson: But you used the phrase that some people on the committee ought to be better informed or something like that.

Senator Prowse: Perhaps I did, and if I did perhaps I should not have.

The Chairman: Perhaps we could pass on, honourable senators. There are a couple of items that have to be tabled before we adjourn.

Mr. Manion: Mr. Chairman, it is not so much tabling as quick answers to several questions that were asked.

The cost of language training for immigrants was \$17 million in 1973-74.

Senator Grosart asked the proportion of our trainees who took the basic educational upgrading, and that was 32 per cent, which includes those who took the basic job readiness training.

Last week there was considerable discussion of the Glace Bay incident and why these people were brought into Canada. If the committee so wished we could provide a somewhat more comprehensive explanation on that.

Senator Graham: You have a report on that?

Mr. Manion: I have something that we could give orally, but we would be glad to give it in writing if that meets with the wishes of the committee.

Senator Graham: We have some time constraints.

Senator Croll: Do you want an answer in writing?

Senator Graham: No. Presumably we could have a report on it, and presumably, before these hearings are finished, some of the witnesses will be back, and if there are further questions that either Senator Croll or myself, or some other senator, may wish to ask, we could do so at that time.

The Chairman: We have made a note of that, Senator Graham.

Senator Sparrow: Are there any other quick answers that the witness was going to give, or is that the end?

Mr. Manion: That is the end. We will provide the answer on the Glace Bay importation of workers in writing.

The Chairman: That was the point you were making, senator?

Senator Graham: Yes.

Senator Prowse: On a matter of personal information, after everybody goes, could the witnesses give me personally a minute? I need some further information.

The Chairman: We have a question of privilege, and while we do not wish to send you on your way, particularly, I know you are anxious to have your lunch. Let us see how fast we can do it.

The committee continued *in camera*.

APPENDIX "A"

MANPOWER PROGRAMS INFORMATION

FOR PRESENTATION TO

THE

STANDING SENATE COMMITTEE ON NATIONAL FINANCE

"THE CANADA MANPOWER CENTRE"

DEPARTMENT OF MANPOWER AND IMMIGRATION

FEBRUARY, 1975.

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I REVIEW OF THE CANADA MANPOWER CENTRE

I(a) The Role of the Canada Manpower Centre

The Canada Manpower Centre is a functional facility, the focal point in Canadian communities for employers seeking workers and workers looking for jobs or career information. What brings CMCs alive are the counsellors within it--people-- organized, trained, committed and equipped to serve all Canadians.

In that total sense, the Canada Manpower Centre must be a part of the community. When it is not, it is not doing its job.

The CMC is the point at which manpower policy takes concrete form. Here placement, employment, counselling, testing, employer services, selection for manpower training, the provision of training allowances and mobility grants, and the creation of job opportunities actually take place.

The objective is to use all these programs and activities, to integrate and adapt them to fit the needs of individual clients. Programs must be adapted to individuals, rather than individuals made to fit programs. Services must be personalized. Staff is encouraged to serve their clients rather than "the system." "The system" is being reorganized to support this person-to-person process rather than control it.

This must not be a process in which the CMC leads people by

the hand, but rather one in which the individual helps himself and makes his own decisions, as much as possible, with CMC support and assistance.

In the CMC and the CMC counsellor, the individual client must find a visible, perceptible interest and a willingness not only to search among the programs and services for a solution to his employment problem, but to go beyond them, and beyond the walls of the CMC - into the community - to find a solution.

The community is people, resources, problems and opportunities. It has provincial and municipal government agencies, employer associations, schools, industry, unions - a great number of elements which all play an important role in the development and utilization of manpower. The CMC is not alone in the management of the labour market nor should it be. By working with the community and leading the many disparate groups toward the harmonious functioning of the labour market, the CMC is doing its job.

I(b) The Size and Location of CMCs

In deciding where to locate Manpower points of service, the mix and number of staff to assign, the department's main consideration is the character of the local labour market area. The make-up of its worker and employer populations, the permanence or seasonality of its commerce, the stability or obsolescence of its major industries and

other key factors determine the number, size and location of Canada Manpower Centres.

The department's services are provided from offices as large as the Industrial and Trades office at 200 Dundas St. East in Toronto, with a total staff of 238, and as small as the one-employee Canada Manpower Centre in McKenzie, British Columbia. (We have 10 such one-man offices.) Over 80 per cent of the department's CMCs have between one and 20 personnel.

Examples of the ways in which the department adjusts its services to the needs of particular groups and situations include the following:

- Two Mobile Service Units operating out of St. John's and Cornerbrook, Newfoundland, visit outports and remote locations. Each unit is staffed by a manpower counsellor and a clerk-driver, and when required, program specialists;
- an Opportunity Caravan, similar in operation to the units in Newfoundland visits small centres in Saskatchewan;
- Manpower Kiosks, with Job Boards displaying available jobs, reference material and brochures, and staffed by counsellors, are rotated among various shopping malls in Toronto;

- temporary Workers' Offices have been established to meet short-term labour market needs in Regina, Saskatoon, Winnipeg, Vancouver, Edmonton, Calgary, Sudbury, Toronto, Prince George and Ottawa;
- a variety of special offices, or specialized sections in CMCs, have been created such as the Logging, Mining and Skilled Trades unit in Vancouver's Howe St. CMC, Vernon's Farm Labour Office, and Montreal's COJO (Olympics) office;
- Outreach "offices" operate where the action is, out of such unlikely locations as an apartment (The Ottawa Women's Careers project), an old school rented at \$1 a day plus taxes (the Montreal Fair Share project), a Parish Recreation Centre (the Ottawa Coin du Travailleuse project), and private homes (the Labrador project);
- offices have been set up to provide newly arrived immigrants with an introduction to services available through CMCs. Among these offices, staffed by multilingual counsellors knowledgeable in all matters of immigration settlement, are the Montreal Counselling and Placement of Immigrants Office, Toronto's Immigrant Settlement Unit, and Vancouver Howe Street's Immigration Reception Centre.

Across Canada, there is a total of 614 points of service, consisting of 450 permanent offices (254 Main, 124 Branch, and 72 CMCs on post-secondary campuses) and 172 itinerant "offices" open anywhere from two days a week to one afternoon a month.

Over the last few years there have been great improvements in CMC premises. Some 315 CMCs are now located wholly or in part in easily accessible ground floor space. Other CMCs continue to occupy older, upper-floor space away from mainstream traffic flow and inaccessible to the handicapped. We are continuing to work with the Department of Public Works to relate accommodations more effectively to the needs of particular target groups.

Canada Manpower Centres offer Canadians the most extensive manpower services in the land. Although there are other employment agencies and intermediaries with nationwide and international operations, none possess the scope, capacity and integrated services of these Centres. The network of 450 Canada Manpower Centres that span this country can do telex job searches in Vancouver, Halifax, Cornwall, or Yellowknife to fill a job in Happy Valley, Labrador. They can also recruit through 60 immigration offices in 39 countries.

I(c) Organization and Staffing of CMCs

Organization

The typical CMC has a Job Information Centre (JIC) - to be described in detail later - in which job-ready clients can find their own job opportunities. Approximately 80 per cent of the CMCs across Canada have installed JICs; slightly more than half are complete, and

the remainder lack only suitable reference libraries or other minor JIC components.

Clients who require more than exposure to available jobs are helped by counsellors capable of identifying individual needs and applying specific programs or combinations of services. Counsellors maintain contact with the full range of employers and agencies in their community. A special unit using such mechanisms as aptitude and interest testing assists counsellors in identifying clients' needs, arrangements for program applications, etc. The advice and guidance of Regional consultants, in such areas as industrial training, mobility and counselling, is also available to counsellors. Finally, CMCs have an Administrative unit to handle essential supportive functions.

Staffing

There are 3,081 counsellors in CMCs across Canada, assisted in the necessary clerical functions by 778 manpower counsellor assistants. CMC teams are supported by 658 line supervisors, 1,966 administrative support staff, and 254 CMC managers, for a total of 6,737.

Approximately 50 per cent of the department's Manpower counsellors have the minimum of a Bachelor's degree and a number have post-graduate degrees in vocational orientation, psychology or other related disciplines. Others have combined academic and world-of-work

experience. About 31 per cent of counsellors are female. The median age of manpower counsellors is 43 years.

In co-operation with Treasury Board, the department is developing a resource management system which will forecast future workload requirements. When completed, tested and validated, this system is expected to substantially resolve workload problems which have resulted from rapid growth in the labour force and from dramatic changes in the variety and scope of labour market needs.

Only a small number of women are CMC managers. The department is not satisfied with this situation and is actively pursuing policies which will correct it.

Progress is being made to correct the under-representation of native peoples on CMC staff. A special headquarters adviser on the employment of native peoples is analyzing this situation to determine how we can arrive at a better balance.

Staff Training and Development

The department's track record in basic induction and orientation training is generally good. Still, we are less than satisfied with overall performance in career development for staff. The burgeoning demands for new programs and services in the recent past and budgetary problems have made it difficult for CMC managers to

release personnel for training courses and seminars.

The department is hoping to obtain the necessary resources for a broader and more innovative training and development program similar to Montreal's Training CMC. Here new employees from the Montreal area take five months of classroom training interspersed with on-the-job training.

The department would also like to arrange with universities and community colleges for evening courses on labour market management tailored to the particular needs of manpower counsellors and managers.

I(d) The Work of the CMC

Canada Manpower Centres offer a wide range of programs and services. CMCs are faced with formidable demands from workers and employers, from schools, and from other community organizations.

In 1973-74 for example, a total of 2,460,000 persons sought information or completed employment registration forms at Canada Manpower Centres. Another 1,490,000 persons asked that previous registrations be re-activated. In total, then, there were 3,950,000 new or re-activated registrations.

To service the 3,950,000 persons who registered in 1973-74, the department's 3,081 full-time counsellors conducted 5,865,421

counselling interviews - an average of more than 27,000 counselling interviews each working day. The average length of a counselling interview in 1973-74, as determined by a sampling technique, was 25 minutes.

A total of 1,507,447 job vacancies were listed in 1973-74 with Canada Manpower Centres for full-time employees. Ranging from requests for executives to labourers, from requests for miners in the north to lumberjacks in the east and west, job vacancies were listed at an average rate of approximately 7,000 vacancies per day.

During 1973-74 some 22,000 mobility grants of all types were approved.

Counsellors made 211,000 visits to employers in 1973-74, in addition to thousands of daily telephone contacts. They learn employers' current and future labour needs and explain the total range of CMC services and programs.

To bring together the right worker with the right employer at the right time, CMC staff made 2,885,547 referrals to jobs or an average of more than 13,000 referrals per working day. These referrals resulted in 1,042,722 full-time placements, or more than 4,800 placements a day. As well, counsellor referrals resulted in 287,028 man-days of casual employment. (A casual placement refers to

placement in a job, the duration of which is one week or less. Therefore the 287,028 man-days of casual employment account for a minimum of 57,406 people placed in temporary employment.)

It is important to note that approximately 70 per cent of all employer vacancies received were filled by the CMCs.

To help prepare workers for the labour market, 319,726 people were referred in 1973-74 to courses purchased under the Canada Manpower Training Program. In the same period, CMCs found summer jobs for more than 200,000 students.

To further indicate the significance and complexity in carrying out the above-mentioned activity, the table on the following page indicates the diversification in types of employers and workers that we serve.

In summary, on an average working day in 1973-74 in the CMCs across Canada, there were:

- more than 18,000 new or re-activated registrations,
- more than 27,000 counselling interviews,
- more than 13,000 referrals to employment,
- approximately 7,000 job vacancies listed,
- more than 4,800 full-time placements,
- almost 900 referrals to training programs,
- approximately 100 mobility grants authorized,
- approximately 1,000 visits to employers.

PROFILE OF CLIENTELE AND EMPLOYERS

CANADA

CLIENTS REGISTERED IN CMC'S		EMPLOYERS BY INDUSTRY	
TYPE	%	TYPE	%
Clerical and Related	25	Agriculture	7.4
Sales	7	Forestry	1.1
Services	12	Fishing, Trapping, Mines, Quarries and Oil Wells	1.0
Processing/Machinery and Related	7	Manufacturing	7.1
Product Fabricating, Assembling and Repairing	9	Construction	13.4
Construction Trades	14	Transportation, Communications and Other Utilities	5.2
Transport Equipment and Related	6	Trade	25.1
Material Handling and Related	10	Finance, Insurance and Real Estate	6.9
Other Major CCDO Groups	10	Community, Business and Personal Service	31.7
		Public Administration and Defense	1.1
		Unspecific	--
TOTAL	100	TOTAL ALL INDUSTRIES	100.0

SOURCE: Sample Survey of MAN 701's
Lists of Employers used in various
surveys by Statistics Canada

DEPARTMENT OF MANPOWER AND IMMIGRATION
FEBRUARY, 1975

I(e) The Effectiveness of the CMC

The ultimate test of our effectiveness is whether the community is satisfied that it is getting from the CMC the labour market assistance it requires. This is extremely difficult to measure, because of the economic and social complexity of communities. Attempts have been made to develop reliable guides to CMC effectiveness, but few have resulted in criteria that are universally accepted as valid and useful.

There is, however, a primary indicator used by the department to determine effectiveness at any one point in time in relation to a previous period or a projected forecast. This is the success that the CMC achieves in filling an employer's request for workers. Although this measurement indicates CMC success in meeting the employer's demand for workers, it presently falls short in determining the quality of the placement. For example, there is no knowledge or indication of the length of time of the placement. It could be a placement that remains filled for one month or a placement that remains filled for 10 years or longer. Similarly it could be the relatively easy placement of an extremely well qualified client or it could be the more difficult placement of a physically handicapped client. Our future thrust will attempt to obtain more specific information, at least on a sampling basis. In 1973-74 the ratio for placements to vacancies was about 70 per cent nationally. This means that approximately 30 per cent of job vacancies were cancelled.

A second indicator of effectiveness is the time it takes Canada Manpower Centres to help people find jobs and employers find workers. An analysis of placements revealed that:

- Of all workers placed by Canada Manpower Centres, 17 per cent, or 177,000 people, are referred and placed in jobs on the day they register;
- a further 34 per cent, or 354,000, are placed in jobs within 10 calendar days of registering;

Job vacancies are filled as follows:

- of all job vacancies filled by Canada Manpower Centres, about 12 per cent are filled on the day they are received from the employer;
- a further 51 per cent of these job vacancies are filled by Canada Manpower Centres within 10 calendar days of being received.

International comparisons are extremely difficult to make. Recent analysis of 1972 government placements in six western countries -- United States, Germany, United Kingdom, France, Sweden and Canada -- revealed that the number of placements as a percentage of the labour force is higher in Canada than for any of the other countries. This analysis has been interpreted as a positive

indication of placement effectiveness in Canada, particularly in view of the fact that the governments of Sweden, Germany and France have a virtual monopoly on placement service.

Efforts to evaluate CMCs are being co-ordinated with the development of an operational performance measurement system (OPMS). This system -- installed with the assistance of the Treasury Board Secretariat -- will assist the department in determining how CMCs are utilized and identify the quality of our services.

We are scrutinizing with interest recent attempts by both the United States and Britain to determine the effectiveness of their employment offices. The United States has developed and implemented an elaborate and complex information system to measure effectiveness of state employment services.

This system includes the documentation and tabulation of the different groups and types of employers and workers seeking service, the type of service rendered to each of the groups and the result or effect of the service, be it a temporary one-day placement or permanent placement in a continuing job. The federal government allocation of operating resources is based on the effectiveness of one state in comparison with the over-all effectiveness of the 50 states.

This is a relatively new method of measuring effectiveness; we will study the results carefully to determine the success and possible applicability to Canada.

The British government is testing a system of "shadow pricing." Basically, it involves putting a price on government services provided to employers and workers, and then comparing the "dollar difference" (cost and return) of one type of service against others.

II NEW DIRECTIONS IN THE CMC

II(a) The Job Information Centre

A Policy Review in 1972 stressed the need to modify the department's delivery of services to respond better to the changing and complex labour market.

In CMCs, workers were greeted by a reception counter that many considered a barrier. The same feeling accompanied the worker as he was shepherded through the various service areas. Registration and interviewing were time consuming, and the heavy volume of traffic often meant that a visit to the CMC could take from two to three hours. Too few workers received satisfactory service.

Many CMC clients complained that they were not being referred to available jobs. Because job vacancies were categorized occupationally and in the hands of counsellors, workers felt they had no idea of what was available. Many workers perceived that good jobs,

especially, were being denied them and employers were concerned that their job orders were not exposed to all available workers.

We changed our approach to provide service commensurate with the needs of the client. The job-ready worker needed the opportunity to help himself. This meant that the counsellors could then devote more time and knowledge to those who needed assistance.

In developing this concept, the department had the advantage of examining pioneering self-service approaches in the United States, Germany and Sweden.

Following much developmental work, the Job Information Centre (JIC) concept of self and assisted service was introduced into CMC operations.

Self-service is available for those whose main requirements are for information on the availability of jobs, training, or other vocational material. These workers are ready to be employed. For their benefit, and for the benefit of employers, they are referred to suitable jobs as quickly as possible.

Assisted service is directed to those with barriers to employment. They may need the informed advice of a counsellor or they may need training, or perhaps they simply need assistance in relocating to an area where their skills are in demand. The workers

may be counselled, tested or referred to the Manpower program most appropriate to their needs.

In contrast to the department's old delivery system, the JIC within the CMC offers easy access to job information. While displaying job orders, the CMCs refrain from including employers' names and addresses. This permits basic screening by a Manpower counsellor of job applicants.

The initial pilot JICs were opened in Hamilton and Ottawa/Hull in 1973.

The results of the early pilot projects verified the success of JICs in meeting client needs better by eliminating physical and psychological barriers. Treasury Board approved a plan to establish JICs in all CMCs, and since 1974 approximately 300 JICs have been in operation. Approximately 90 per cent of Manpower's points of service will have JICs by next month; the remainder await only suitable accommodation.

The JIC allows clients to browse at their leisure through lists of available job openings. Persons looking for more general information can move to the employment opportunity library where there is a variety of literature and pamphlets on the labour market and career and vocational interests.

CMC staff are working in the JIC to help clients utilize the facilities of the centre. When a worker indicates interest in a job, referral is made if he meets the basic requirements of the employer. If the worker would benefit from other CMC services (e.g., training, mobility) a referral is made to a counsellor so that appropriate attention may be given to the worker's specific need. Our experience in integrating Job Information Centres as part of our delivery system has been encouraging and positive -- CMCs are able to service more clients in a professional, businesslike manner. Problems related to accommodation and furniture have impeded the total introduction of JICs, but the concept can and has been introduced, a fact attributable to the interest, initiative and innovation of CMC staff.

The department is confident that the concept is sound. The following observations are made on the effectiveness of the pilot JIC in Hamilton in serving workers, employers and operating a CMC in today's complex labour market.

Benefits to Workers

1. A more open, positive environment, which helps to establish a rapport between the worker and the CMC. The worker is more apt to investigate and use other CMC services. Elimination of what the client viewed as the physical barriers and the open display of job information has done wonders for CMC-worker relationships. In pre-JIC days, clients complained about what the CMC was not doing

for them. Since JICs, worker complaints are the exception.

2. No waiting for service or appointment scheduling necessary for job seekers. This has brought increased patronage by employed workers -- particularly during noon hours. Workers can check the job board and be out in minutes.
3. Elimination of the "don't call us - we'll call you" attitude which had a detrimental effect on CMC relationships with job seekers. Workers like the positive helpful approach of JIC staff as opposed to the previous "traffic control" image.
4. More exposure to "out of area" jobs.
5. Prior to JICs, approximately 7,500 workers per month received Manpower service. With JICs, the Hamilton CMC has increased this number to approximately 16,000 per month.

Benefits to Employers

1. Wider exposure of employers' orders.
2. Faster referral possible.
3. More opportunities to service the "hard to fill" orders. This is evidenced by Hamilton CMC effectiveness ratios:

(a) 82 per cent of registered vacancies result in a placement

(b) 18 per cent of registered vacancies result in a cancellation

This performance is excellent considering the competing forces at work in a metropolitan area. Our estimate of pre-JIC performance would be 77 per cent and 23 per cent respectively.

4. Increased number of referrals to employers. This is sometimes a concern among employers who feel that too many insufficiently qualified people are referred. If the CMC and the employer are communicating effectively with each other this should not happen.

Any referrals made would be on the basis of the requirements discussed between the employer and the CMC as well as the worker's expressed interest. Often the dissatisfaction expressed by an employer can be used positively by the counsellor to develop more realistic hiring standards.

5. Better service in filling employers' orders. Comparing 1972 to 1974, the pre- and post-JIC period, placements have increased 26 per cent while vacancies have increased by only seven per cent.

Benefits to CMC

1. CMCs have found that clients visiting job banks are very serious

in their attempt to find employment.

2. The JIC experience shows that a large percentage of workers only want and require the use of JIC facilities rather than full CMC services. While traffic to the JIC has more than doubled the number registering with the CMC has decreased by 25 per cent.
3. JICs have permitted the restructuring of staff resources to facilitate more productive use of counsellor time. This allows the counsellor to work with the "hard to place" client and the "hard to fill" order.
4. By duplicating JIC job information for other agencies (UIC, Welfare, and Outreach projects) Hamilton CMC liaison activities have been greatly enhanced.
5. Counsellors, as well as job seekers, are JIC beneficiaries. The more information a counsellor has about the number and variety of jobs available, the greater impact he or she can have on assisting job-ready persons.
6. Rotation of counsellors from the assisted service level of CMC operation into JICs has given them a fresh, enthusiastic approach to their referral and counselling functions.

We believe the foregoing, comprehensive benefits justify our conviction in establishing JICs and in our continuing emphasis on improving and extending this worthwhile service.

II(b) CMC - UIC Operational Co-ordination

Before 1966, the National Employment Service and the unemployment insurance program were organizationally linked under the aegis of the Unemployment Insurance Commission.

Critics contended that the NES lacked vigour and was used in the main to support the unemployment insurance function. If the NES was part of an active federal manpower policy, its critics weren't aware of it. They argued that in times of high unemployment, officer and staff of the NES were transferred to the insurance side to take and process claims. Obviously, in the critics' view, this reduced the ability of the employment service to make visits to employers or to counsel jobless persons, activities that would have reduced unemployment.

The two organizations were in fact separated physically and operationally in 1965, followed by the creation of the Department of Manpower and Immigration and the development of a vigorous manpower policy.

History demonstrated that the separation went too far, that some severed links and relationships should have been maintained.

In the last few years, the department and the UIC have made deliberate and successful efforts to increase the integration of services between the two organizations while avoiding the problems which led to their divorce. An example:

To ensure that UI claimants get maximum exposure to job vacancies, a Special Job Finding and Placement Drive was launched on pilot project basis in seven metro centres last April. This drive, cited in the Minister's presentation, will be extended to all CMCs over the next two fiscal years. Since the drive will be discussed in detail in the next presentation on The Employment Service, this paper will touch briefly on other co-operative activities between the two agencies.

- (a) CMC/UIC boundaries: Discussions are nearing completion on the rationalization of geographic boundaries between UIC and CMC offices. This will facilitate communications between offices serving the same area and a common clientele.
- (b) Formal liaison: Formalized co-ordination and liaison arrangements at the national, regional and local levels have recently been established by both parties to ensure that inter-locking relationships are effectively implemented.

- (c) Exchange of information: To allow continuous exposure of UI claimants to employment opportunities a system has been devised to facilitate the exchange of labour market information between the two organizations. In addition, each week CMCs send 4,000 to 5,000 reports to the Commission relating to claimants who appear reluctant or not available to take jobs. On average, about 700 of these result in disentitlements imposed by the Commission because claimants have not fulfilled their obligations under the UI Act.
- (d) Facilities planning: Guidelines have been developed to ensure that both departments have a consistent and mutually acceptable policy for:
- i) Selecting sites for offices, and planning their opening and/or relocation;
 - ii) establishing geographic boundaries and hours of work; and
 - iii) office furniture, decor and equipment.
- (e) Registration: New procedures, including a revised registration system introduced in 1974, provide more complete and accurate information to assist in matching claimants with available jobs.

(f) Joint group interviews: when a sufficient number of UI claimants in demand occupations are identified, combined UIC/M&I interviews are held with groups of clients to explain their obligations as claimants and explore the possibility of their referral to employment.

(g) Joint approach to employers and the public: to provide for a more effective approach both agencies have agreed to participate jointly in conferences, seminars or visits to employers to discuss their roles and responsibilities.

Additionally, joint pilot projects are being undertaken.

In Calgary, after a UI claimant applies for benefits he or she is directed to a special unit in the CMC where all programs and services are made available. A certificate indicating that job placement or referral to manpower programs is not possible is necessary to qualify for UI benefits. The objective of the test is to determine whether this aggressive application of manpower programs and services will reduce the number of UI claimants and/or reduce the average time an unemployed person receives benefits.

In Kitchener, the approach is similar to the philosophy inherent in the German system. Claimants are exposed to available jobs listed within the CMC; all possible avenues to employment are explored before a claim for unemployment insurance can be established.

The department and the Commission are also conducting a joint pilot project in Newfoundland to assess the feasibility of increasing the opportunities for UI claimants to receive training through the Canada Manpower Training program (CMTP) by making a more positive use of UI funds. The main feature of this project is to use UI funds to provide income support for claimants enrolled in CMTP courses.

It is anticipated that up to 650 training places will be provided under this program in 1974-75 and 1,000 in 1975-76. (This plan is discussed further in the departmental presentation on The Canada Manpower Training Program.)

II(c) A New Orientation Toward the Community

The effectiveness of Canada Manpower Centres depends on many factors. Counsellors must be well trained and motivated. They must have program tools and ready access to program consultants.

Regional administrators and CMC managers need the authority to adjust and apply national programs and services to respond meaningfully to unique provincial and local economic conditions.

In the past, counsellors however skilled and motivated, have not always had to the fullest extent the total complement of tools,

expertise and flexibility to assist the communities they serve.

Similarly, regional operations have been somewhat hampered by a lack of decision-making authority.

Because counsellors and regional administrators interact on a daily basis with the labour force, the consequences of these shortfalls were readily apparent to them. Their feedback was not only heard but, more important, recognized and acted upon.

Changes have been made and are in progress to resolve these problems. Regional offices have been delegated additional authority. They have received additional program and technical support to make it easier for them to do their jobs better.

Given all these positive changes, counsellors and regional officers still required assistance from "third party" groups to ensure that departmental programs are cohesively meshed with provincial and local programs and services. The department initiated policies incorporating "third party" participation.

In essence we are inviting the "community" to work with us to help the community.

An important example of co-operation with other community agencies is the relationship between the federal and provincial governments. Government programs for people are often ill coordinated,

resulting in gaps and duplication of services. An encouraging development has been the establishment of Manpower Needs Committees in each of the provinces and territories.

The Federal-Provincial Manpower Needs Committees evolved from the Prime Minister's letters to the provincial first ministers in April 1972.

He suggested that the Needs Committees could become the principal instrument for Federal Provincial consultation and co-operation on all manpower problems, policies and programs.

The Committees have tended to concentrate their efforts on training matters. But they are gradually expanding their scope to cover operational linkages between CMCs and provincial agencies; effective use of labour market information; career planning; and manpower adjustment.

The Committees are being urged to establish sub-committees not only to deal with particular manpower subjects but also to represent the needs of the various areas within the region. With the links established at the level of senior officials, these provide the setting for increased co-operation between the CMC and the many provincial and municipal agencies within the community it serves. The Committees are advisory rather than managerial bodies, but their

recommendations can be and are adopted and acted upon through the decentralized authority of our Regional Directors General and their provincial counterparts.

Closer orientation of CMCs to the community is also evident in the growing relationship between CMCs and local welfare services.

The department has recently developed a procedural framework encouraging CMCs to issue, on a regular basis, bulletins on local labour market conditions -- specifically employment opportunities and information on departmental programs and services to local welfare offices.

In October 1974, local welfare offices were receiving listings of all job vacancies from 119 CMCs. In addition, 92 CMCs supplied welfare offices with manually prepared representative job listings. Thirty CMCs supply these lists on a daily basis, 160 on a weekly basis, 14 on a monthly basis and seven CMCs supply them as required.

Projects are also under way in St. John's, Nfld., and Saint John, N.B., and other centres in which CMC counsellors are "resident" in welfare offices where a number of welfare workers have been trained to work closely with them. Conversely, in a number of locations across Canada there are welfare officers working in CMCs.

In Metro Toronto, working relationships between welfare offices and Canada Manpower Centres resulted in an arrangement requiring potential welfare clients to register with a CMC before applying for welfare assistance. A number of these clients have been placed in employment without requiring welfare assistance.

In a Vancouver special project, a CMC counsellor resident in a welfare office works closely with a number of welfare workers responsible for single men's welfare so that persons are directly referred to employment. Initial results are so positive that we plan to extend this activity to four other welfare offices.

Canada manpower is anxious to co-ordinate its program with community agencies and to provide information to interested government agencies, thus making its programs and services more readily accessible to the public. By encouraging local initiatives and arranging for successful ideas to be shared with other regions of Canada, we believe we can encourage and strengthen the co-operation that is beginning to emerge between local welfare offices and the CMCs.

II(d) Streamlining Procedures in the CMC

The late Sir Winston Churchill once said, "Show me a man who can write his ideas succinctly on no more than two pieces of paper and I will show you a winner."

Sir Winston was referring directly, of course, to the innate capability of expression in tidy, brief form. By extension, however, he was also talking about the seemingly insurmountable mountains of paper under which governments, industries and whomever are virtually buried.

An employment service, by nature an operation that generates enormous quantities of data that has to be stored, retrieved, transmitted, reviewed and manipulated, is certainly eligible for membership in the "paper club."

In our department, a major study on management reports led to the recommendation that a number of reports be eliminated, that the data required in many others be curtailed, and that the frequency of other be reduced. These recommendations are being implemented. For example, on the 60 national reports on which recommendations were made:

- 25 reports have been eliminated,
- 2 reports have been reduced in size,
- 3 reports have been reduced in distribution,
- 7 reports have been reduced in frequency,
- 23 reports are still under active review.

Studies are under way to simplify and combine forms wherever possible.

The dimensions of the paper problem may best be illustrated by example. In a metro centre such as Toronto or Montreal, the 15 or so

CMCs receive a total of about 800 new job orders daily and at any one time have a total of about 9,000 live job orders on hand.

Ideally, all 600 counsellors in these CMCs should have instant access to information about any of the rapidly changing orders. To attempt to do this manually would involve tons of paper, an army of clerks, and a fleet of delivery trucks. In practice, there has been limited exchange of job vacancies among CMCs in a metro area. Similarly there has been only limited exchange of job vacancies from one city to another.

The department is introducing automation in the distribution and control of employer orders in CMCs. Three key elements must be considered. First, these orders must be shared with other CMCs that have an actual or potential inventory of skilled clients. Second is the control of the paper or information within the limits or capacity of the CMCs and their needs. Third is the control of the order itself to ensure that employers are not swamped with referred applicants and that an applicant is not sent to an employer whose order has already been filled.

Exposing job orders to a number of CMCs with newly developed machines (Vucom-Datacom) is relatively simple. Data transmission systems are being implemented in a number of CMCs for this purpose. By entering the information at the point of receipt on something similar to a typewriter keyboard it can be displayed on a video screen. The information can be corrected by the operator and then transmitted to

terminals in other points of service within the labour market area. The copies that come out at the other end are ready to be displayed in the Job Bank (as is done in the U.S.) or to be used by a counsellor in a search for registered clients. Using normal telephone lines, this same information can be transmitted outside the labour market area to other compatible equipment.

The Halifax area has served as a pilot project. Orders are disseminated to seven service points in Halifax and Dartmouth. This exchange has proven effective in filling employer demands and satisfying client needs. For the first time both cities are now operating as one labour market.

A normal telephone line is used to connect one Halifax terminal to another in Sydney; in this way imbalances of supply and demand in two areas are being smoothed out.

A similar system is being installed in the Niagara Peninsula so that the area can function as one labour market. Job information will be available in all CMCs in the area, saving clients time and travel in their job search.

Although transmission of job orders can be greatly facilitated by Vucom-Datcom techniques, the up-dating of this information and the control of referrals in the larger metropolitan areas still poses extreme problems. The department is testing the effectiveness and

efficiency of mini-computers in a pilot project in Hamilton. Here is how the mini-computer system works.

Immediately after a job order is received from an employer, it is entered in the system. The order is printed out in each CMC (in the labour market area) for a search of the files of active registered clients. A Job Card is printed for display in the JIC if a suitable client is not found in the file search. Additional information about the order can be obtained via video terminals located in all the CMCs in the labour market area. Referral activity on job seekers will be accumulated by the system and will be available on demand. Thus, if a job seeker has used the JIC and been referred to jobs several times without success, then he is obviously in need of assisted service. A counsellor can obtain this information immediately from a computer terminal.

In addition to the dissemination and control of job orders, the mini-computer system will accumulate information automatically for management purposes. This data can be used to forecast vocational training needs based on trends developing between supply and demand in a specific occupation; to identify imbalances between supply and demand and the potential use of the mobility program or national clearance of jobs; and to identify salary trends in a specific occupation in the labour market to use in counselling employers who offer low salaries and who are experiencing difficulty recruiting staff.

If the Hamilton pilot project is a success, mini-computer systems will be installed in all major cities across the country. The effectiveness of the Hamilton pilot project will be determined before the end of 1975 and implementation of systems in other cities could begin in early 1976.

II(e) Organization, Change and Renewal

Just as the Model T, considered the ultimate in four-wheel transportation in its day, has given away to today's sleek, more functional models, an organization attuned to the needs of people more than eight years ago is forced to modify its modus operandi not only to survive but also to provide enlightened services for contemporary times.

In late 1973 we took a hard look at our organization. We wanted to pinpoint ways to improve field operations, to make them more responsive to the needs of people in urban and isolated sections of Canada.

We had to -- and did -- look at our resources in terms of productivity and deployment. And finally we had to establish that operational levels of Canada Manpower were given the highest possible priority in the allocation of resources to get the job done.

In his statement to you the Minister has expressed his pride in the "new look - new approach" concept. To his overview we propose to provide more detail.

A new organizational concept provides for a greater decentralization of authority and responsibility to the working levels of management. We have heeded internal communications from the staff associations stressing the need for decentralization to give our people a better capability to deal with local problems. Problems of staff morale and motivation due partly to problems of field management had resulted in some 1,700 grievances being lodged against the department in 1972.

Organizational renewal is aimed particularly at problems associated with staff attitudes, internal communication, identification of objectives and the proper setting of priorities. To deal with its problems, the department needed an accurate reading of staff opinions and attitudes. "Box 320", a receiving point for staff suggestions, has proved to be an enormously successful vehicle for upward feedback - working field personnel to headquarters senior management.

In the year that Box 320 has been open, more than 500 communications have contained suggestions for improved program delivery and better administration and organization. The largest proportion of the problems identified by correspondents is the target of newly conceived or initiated plans for improvement.

Every letter -- or detailed brief as has often been the case - from Box 320 is reviewed by a co-ordinating committee. Criticisms or suggestions are passed in excerpt or summary form to the management area directly concerned for consideration and action. Copies of letters are not sent so that confidentiality of all correspondents is preserved. Enquiries get prompt response.

Almost all correspondence contains suggestions for improved administration and program delivery procedures. Some of these have been nominated, with the author's permission, for an Incentive Award. For example, a counsellor in British Columbia recieved an award for developing a conversion scale which related hourly, weekly, monthly and annual wages in order to eliminate confusion and error in dealings between counsellors and employers.

Summarized correspondence has been sent to all managers to examine the implications for their areas of responsibility. Some suggestions are being discussed in regional Renewal Workshops.

Staff correspondence has been used in another valuable way. In developing a policy paper on the CMC in the community, the department used 25 correspondents as sounding boards for the concept and developments proposed in the paper. The people chosen had submitted thoughtful suggestions to Box 320, and it was expected that they would provide equally constructive comments on the draft policy paper. They did -- and their comments were incorporated in the final

draft. Obviously, Box 320 has considerable potential for assisting the department in shaping future developments.

The Change and Renewal program although never expected to produce dramatic solutions in the short term, has made tangible progress.

Decentralization is beginning to take effect. Some 150 man-years have been transferred from Ottawa to the field. Positions have been created and staffing action initiated for Provincial and District Directors.

Provincial Directorships will be instrumental in the effective management of the multi-province Prairie and Atlantic Regions. In recognition of the added responsibilities given regional management, current position classifications are being reviewed to eliminate some of the frustration of field managers as well as to attract and keep dynamic field people.

One of the highlights of the program has been the response of staff associations. Senior officers and the heads of local branches have written to endorse the program. Most letters begin with an admission of initial cynicism. But the treatment given every letter and the action taken on suggestions in Renewal Workshops have inspired their confidence in the sincerity of our intentions.

Before the implementation of the Change and Renewal program, the department had a backlog of grievances and the staff associations were highly critical of us. It is gratifying that not only have the grievances been substantially reduced, but staff and associations feel the program offers constructive alternatives to the grievance process.

Below is a brief list of highlights in the Change and Renewal program;

1. Special machinery has been developed to provide for strong field participation in policy development and interpretation. The Manpower Policy Council has been formed with the regional Directors General as members.
2. National headquarters has been restructured to simplify reporting and communications along program lines. One important change has been the placing of field elements of the Manpower Consultative Service, Economic Analysis and Forecasting Branch and Job Creation Branch under the regional Directors General.
3. Further delegation of program authority has been made, particularly with respect to Minister's permits under the Immigration Act and Training-In-Industry contracts.
4. Reporting processes are being changed to reduce workload caused by duplication, frequency and redundant information.

III THE CMC - A LOOK AHEAD

Many of us have heard-- and possibly shuddered--at the prospect of "future shock". The word "shock" itself has a distressing connotation. Linked with the unknown (future) it can be even more devastating.

Changes in Canada's economy and society are accelerating in mind-boggling fashion. Just as past generations could not have been convinced that the electronic medium would move from the fireside radio to television, we can only fantasize how tomorrow's CMC should be designed. Certainly we can't design today a CMC for 1990.

What the department is trying to do is to put in place organizations and systems that have the maximum degree of flexibility, and to recruit and train staff that can respond quickly and effectively to changing conditions. In this way, the Canada Manpower staff at all levels will stand a good chance of avoiding at least the worst effects of "future shock".

The emphasis we place on the relationship between the CMC and the community will facilitate future adjustments. So long as the CMC is in close touch with the needs of its community, it can adjust its services.

The strengthening of the CMC in terms of increased authority and greater support from the rest of the department will continue, and thus maintain the CMC as an important community resource.

The effect of automation on CMCs will in all likelihood be profound. It is important not to be carried away by the magic of "black boxes," but the ability of computers to handle vast quantities of data about jobs and clients will undoubtedly produce major changes in the organization and operation of CMCs:

1. It is hoped that automation will eliminate much of the paperwork which now occupies too much of the time of the CMC staff. Counsellors will have more time to help those people who need special aid.
2. The ease of transmission of information using a computer means that information about jobs or clients can be available wherever a terminal can be installed (almost everywhere). Large, impersonal CMCs in metro areas will no longer be necessary. It is probable that CMCs will be smaller and much more a part of individual neighbourhoods -- more like the corner bank.
3. Other organizations in the community will be able to have access to the CMCs' file of jobs and available clients -- with suitable controls to protect the privacy of individuals -- to ensure fair and orderly handling of labour market transactions. In the future,

workers and employers may even be able to register their needs with the CMC directly through a computer terminal.

Working more closely with the community, the CMC will have an important role to play in the implementation of the joint Federal-Provincial Community Employment Strategy.

The chronically unemployed cannot be dealt with by one organization; they need the support and encouragement of many. The CMC can galvanize the resources of the community into co-ordinated efforts that can have a substantial impact on the problem.

To sum up: Many changes are now under way in the CMC. We believe that these changes will increase the effectiveness of the CMC in the short term, and that they will help the CMC to adjust to the future. The role of a CMC is a very demanding one and will certainly remain so. We are determined that the CMC should be given every possible assistance so that it can do its job.

APPENDIX "B"

LANDED IMMIGRANTS IN CANADA WHO WERE REGISTERED
AS FARMERS AND FARM WORKERS, 1967, TO SEPT 1974

	1967	1968	1969	1970	1971	1972	1973	Jan-Sep 1974
Farmers and Stockraisers	895	319	142	87	58	48	127	84
Farm Managers and Foremen	-	19	14	21	20	30	111	79
Farm Labourers	2,105	2,461	1,822	1,583	1,723	1,832	2,645	1,868
Gardeners and Groundskeepers	150	201	142	120	121	81	113	114
Other Agricultural Occupations	53	164	163	318	238	136	72	37
TOTAL	3,203	3,164	2,283	2,129	2,160	2,127	3,068	2,182

Department of Manpower and Immigration
March, 1975

APPENDIX "C"
STANDING SENATE COMMITTEE
ON
NATIONAL FINANCE
CANADA MANPOWER MOBILITY PROGRAM

Return Rates of Relocation Grant Recipients

Information on this subject was taken from follow-up studies conducted with respect to relocatees during the years of 1968-71 inclusive.

Location and Labour Force Status Per 1,000 CMMP Clients

Location	Total Relocatees	At Relocation Job	Working full-Time at Another Job	Remainder	% Distribution
Stayed in Relocation Community	309	263	40	6	57%
Moved to Third Community	125	-	120	5	23%
Returned Home	108	-	96	12	20%
TOTAL Relocatees	542	263	256	23	
Percentage Distribution		49%	47%	4%	100%

Almost half of the relocatees were still at the job for which they obtained the grant after a year had passed. Of the half who left their relocation job, two-thirds stayed in that job for three months or more and 45% for six months or more.

The three main reasons for leaving their relocation jobs, in order of importance, were: found a better job, laid off, and wages too low. General social conditions in the new town played a much less important role than conditions attached to the work environment. Housing, however, was a very important item. Of the relocatees who

returned home, 21% stated that housing was a very important reason and another 9% reported it as partly a reason for leaving the relocation job. In fact, for the clients who returned home, this was the single most important reason.

The subsequent movements of those receiving exploratory grants only is not known, although there is some evidence to suggest that in many cases they were used to relocate to a permanent job or as a means for subsidizing a move to seasonal employment.

APPENDIX "D"

OUTREACH PROGRAM

SPECIAL PROGRAMS BRANCH

Summary of Job Placements

Made by External Outreach Projects

April-September 1974

	<u>Permanent Placements</u>		<u>Temporary Placements</u>		Government Funded Job Creation
	<u>Through CMC</u>	<u>Through Employer</u>	<u>Through CMC</u>	<u>Through Employer</u>	
Atlantic	92	1,528	129	793	13
Quebec	—	2,419	—	13,255	100
Ontario	85	1,554	17	298	31
Prairie	215	1,670	17	296	15
Pacific	<u>198</u>	<u>1,728</u>	<u>18</u>	<u>490</u>	<u>10</u>
TOTALS	590	8,899	181	15,132	169

Total Placements: 24,971

Prepared by:
 Program Management Unit
 Special Programs Branch
 January, 1975

ATLANTIC REGION

OUTREACH PROGRAM

SPECIAL PROGRAMS BRANCH

Breakdown of Job Placements

by Target Group

April-September 1974

	<u>Permanent Placements</u>		<u>Temporary Placements</u>		<u>Government Funded Job Creation</u>
	<u>Through CMC</u>	<u>Through Employer</u>	<u>Through CMC</u>	<u>Through Employer</u>	
Women	--	--	--	--	--
Unemployed Urban Poor Welfare Recipients	27	37	2	4	--
Natives	--	--	--	--	--
Handicapped	7	5	6	--	5
Youth	1	586	57	603	--
Inmates and Ex-Inmates	34	766	41	121	--
Isolated Communities	23	134	23	65	8
Miscellaneous	--	--	--	--	--
TOTAL	92	1528	129	793	13

QUEBEC REGION

OUTREACH PROGRAM

SPECIAL PROGRAMS BRANCH

Breakdown of Job Placements

by Target Group

April-September 1974

	Permanent Placements		Temporary Placements		Government Funded Job Creation
	Through CMC	Through Employer	Through CMC	Through Employer	
Women	--	--	--	--	--
Unemployed Urban Poor Welfare Recipients	--	243	--	12,708	--
Natives	--	397	--	93	100
Handicapped	--	274	--	55	--
Youth	--	606	--	89	--
Inmates and Ex-Inmates	--	481	--	35	--
Isolated Communities	--	208	--	54	--
Miscellaneous	--	210	--	221	--
TOTAL	--	2,419	--	13,255	100

ONTARIO REGION

OUTREACH PROGRAM

SPECIAL PROGRAMS BRANCH

Breakdown of Job Placements

by Target Group

April-September 1974

	<u>Permanent Placements</u>		<u>Temporary Placements</u>		<u>Government Funded Job Creation</u>
	<u>Through CMC</u>	<u>Through Employer</u>	<u>Through CMC</u>	<u>Through Employer</u>	
Women	37	203	2	64	5
Unemployed	4	441	--	5	17
Urban Poor					
Welfare					
Recipients					
Natives	--	137	--	--	--
Handicapped	13	176	4	28	7
Youth	5	383	9	148	2
Inmates and Ex-Inmates	10	185	--	50	--
Isolated Communities	--	--	--	--	--
Miscellaneous	16	29	2	3	--
TOTAL	85	1,554	17	298	31

PRAIRIE REGION

OUTREACH PROGRAM

SPECIAL PROGRAMS BRANCH

Breakdown of Job Placements

by Target Group

April-September 1974

	<u>Permanent Placements</u>		<u>Temporary Placements</u>		<u>Government Funded Job Creation</u>
	<u>Through CMC</u>	<u>Through Employer</u>	<u>Through CMC</u>	<u>Through Employer</u>	
Women	3	62	7	16	--
Unemployed	27	619	9	136	9
Urban Poor					
Welfare					
Recipients					
Natives	71	628	--	110	5
Handicapped	23	178	1	30	1
Youth	91	131	--	3	--
Inmates and Ex-Inmates	--	37	--	--	--
Isolated Communities	--	15	--	1	--
Miscellaneous	--	--	--	--	--
TOTAL	215	1,670	17	296	15

PACIFIC REGION

OUTREACH PROGRAM

SPECIAL PROGRAMS BRANCH

Breakdown of Job Placements

by Target Group

April-September 1974

	<u>Permanent Placements</u>		<u>Temporary Placements</u>		<u>Government Funded Job Creation</u>
	<u>Through CMC</u>	<u>Through Employer</u>	<u>Through CMC</u>	<u>Through Employer</u>	
Women	2	11	--	3	--
Unemployed	36	448	--	73	--
Urban Poor					
Welfare					
Recipients					
Natives	--	249	--	158	--
Handicapped	--	--	--	--	--
Youth	28	262	9	207	--
Inmates and Ex-Inmates	9	561	9	49	10
Isolated Communities	--	--	--	--	--
Miscellaneous	123	197	--	--	--
TOTAL	198	1,728	18	490	10

APPENDIX "E"

Types of Job Vacancies Reported to CMC's
By Skill Classification

Based on an internal sample survey of 16,875 job vacancies listed with CMC's in 1974 in seven metropolitan areas across Canada.

Occupation	%
<hr/>	
Managerial	0.6
Professional	1.3
Technical	1.7
Craft Trades	14.6
Semi-Skilled	18.4
Low Skill	63.4
TOTAL	100

APPENDIX "F"PILOT PROJECTSA. Headquarters1. Order Processing - Large Metropolitan Areas

The Department is developing and testing, in the Hamilton area, an on-line computer-assisted employer order processing system suitable for implementation in the large metropolitan areas of Montreal, Toronto and Vancouver.

The computerized order processing system was described on pages 32 and 33 of the presentation "The Canada Manpower Centre". But, briefly, it is a system by which job orders can be simultaneously shared and referral activity quickly updated in a number of selected CMCs.

A development team under the co-leadership of a senior computer systems analyst and a senior Manpower operations officers are developing the operating system. The team is composed of: one operations officer each from Montreal, Vancouver and National Headquarters and two from Toronto; one management analyst; and two computer systems analysts. Other specialists (statistics, program management, etc.) participate on an as required basis for short periods of time.

The Strategic Planning and Research Division is preparing a comprehensive evaluation plan for the employment service and the evaluation of this pilot project will be done in this context.

2. CMC Effectiveness Study

The purpose of the CMC Effectiveness Study is to attempt to establish a valid evaluation methodology for assessing the effectiveness of CMCs. A proposed methodology is being tested in eleven randomly selected CMCs.

The project is being directed by the Department's Management Review and Improvement Bureau. Phase I of the study is now being carried out. When this phase is completed, the material gathered will be assessed to determine whether the methodology appears to be sound. If it appears valid, the evaluation methodology will be used to review the effectiveness of selected CMCs in 1975-76 and subsequent fiscal years.

B. Pacific Region1. Intensive Youth Counselling Project

Location: Victoria, Williams Lake and Kamloops

Purpose: To provide more intensive service to youth

of Staff: One Counsellor in each CMC. There will be one Counsellor and one supervisor in Vancouver when the Centre is established. Six man-months were given to each office as a back-up for the vacant Counsellor position.

Evaluation: It will be based on a sample evaluation provided by Headquarters and a subjective report on the value of both self-directed search and occupational kits.

2. Single Men's Unit

Location: Vancouver

Purpose: To make placements of welfare clients

of Staff: One Counsellor and six job-finders from the Provincial Department of Human Resources.

Evaluation: Review by Regional Headquarters based on weekly statistical report.

3. Manpower Consultative Service (MCS) and Employment Development

Location: New Westminster and Burnaby

Purpose: To improve service delivered to large employers by identifying, preventing and correcting employment problems. It involves close liaison with Manpower Consultative Services.

of Staff: Two Counsellors and one MCS officer .

Evaluation: Review by Regional Headquarters based on monthly report.

4. Manpower Consultative Services

a) Location: Trail and Whitehorse, Yukon

Purpose: To fully integrate CMC involvement in the industrial community

of Staff: Three CMC staff and two MCS officers

Evaluation: Internal subjective analysis by MCS as well as analysis with labour and management.

b) Location: Pemberton

Purpose: To end community reliance on one major industry

of Staff: One CMC staff and one MCS officer.

Evaluation: Similar to that in Trail and Whitehorse.

5. Human Resources Incentive Workers

Location: Twenty CMCs

Purpose: Close liaison with local welfare authorities to facilitate employment for employable welfare recipients.

of Staff: No CMC staff. Incentive Workers from the Provincial Department of Human Resources are located in the CMCs.

Evaluation: Monthly statistical report.

C. Prairie Region

1. CMC - UIC Pilot Certification Project

Location: Calgary

Purpose: To test whether the aggressive application of manpower services prior to the establishment of an individual on

unemployment insurance benefits will reduce:

- a) the proportion of unemployed persons receiving benefits; and
- b) the coverage time on benefits for persons who do receive them.

of Staff: Twenty-two CMC staff

Evaluation: Statistical and on-the-job evaluation by Regional Office Co-ordinator and Headquarter's Strategic Planning and Research Division.

2. Youth Pilot Projects

a) Location: Grande Prairie

Purpose: To provide adequate information to all Grade 7-12 and post secondary students in the Grande Prairie CMC area to assist them in making career decisions.

of Staff: Three CMC staff (as part of their regular responsibilities)

Evaluation: Quarterly reports which commenced January 1, 1975 in accordance with Headquarters request.

b) Location: Edmonton

Purpose: To improve service to youth in the career counselling and placement field.

of Staff: Twenty CMC staff (as part of their regular responsibilities)

Evaluation: Quarterly reports which commenced January 1, 1975 in accordance with Headquarter's request.

c) Location: Calgary

Purpose: To reduce the number of unemployed in the 14-24 age group

of Staff: Nine CMC staff (as part of their regular responsibilities)

Evaluation: Quarterly reports which commenced January 1, 1975 in accordance with Headquarters request.

- d) Location: Saskatoon
- Purpose: To reduce the time required by youth (14-19 years) to establish a firm career path after leaving school.
- # of Staff: Eight CMC staff (One works full-time on the project while the other seven do it as part of their regular responsibilities)
- Evaluation: Quarterly reports which commenced January 1, 1975 in accordance with Headquarters request.

D. Ontario Region

1. Hamilton Mini-Computer Project

- See section on Headquarters Pilot Projects

2. M&I/UIC - Client Certification Project

- Location: Kitchener
- Purpose: a) To expose all potential UIC claimants to available jobs listed at the CMC prior to a claim file;
- b) To reduce the number of actual claims filed;
- c) To ensure that "non excluded" UI claimants who cannot be placed in suitable employment are registered with the UIC.
- # of Staff: No additional staff resources were allocated to launch the project during the 1974-75 fiscal year. Man-months utilized from area CMC's resources.
- Evaluation: Evaluation techniques now being developed in conjunction with official of UIC & M&I National Headquarters.

3. Job Marts - Kiosks

- Location: Malton and Thorncliffe shopping plazas in Metro Toronto Area.
- Purpose: Establishment of experimental points of service to measure effectiveness of employment service and program use and client penetration in selected geographic areas of Metro Toronto.
- # of Staff: No additional staff resources allocated. Kiosk

services being provided using existing strength positions.

Evaluation: -Application of standard Management Information System employment service activity and sub-system measurement criteria as an on-going evaluation process.
-Final pilot project evaluation to be completed on termination of 1974-75 fiscal year.

4. Mini-JIC

Location: Ottawa UIC premises (Carling)

Purpose: -To facilitate referral of job-ready UI claimants registered in demand occupation.
-To eliminate unnecessary paperwork and provide a rapid referral of clients.
Used as part of UIC Rights and Obligations session.

of Staff: Two staff on loan from Ottawa CMC.

Evaluation: -Evaluation of JIC/UI client service activity done by JIC staff per standard monthly Management Information System report measurement criteria.

5. Measuring Counselling Effectiveness

Location: Guelph, Owen Sound, St. Thomas, Chatham, Ottawa, Cornwall, Pembroke, Thunder Bay "N" and "S", Niagara Falls.

Purpose: a) to establish a standard method of measuring the effectiveness of service to employee and employer clients; and,
b) to develop from these standards an indicator of the quality of service provided by a CMC to its community.

of Staff: 120 involved as and when appropriate.

Evaluation: Pending a more formalized method of evaluation, the following criteria are being used for evaluating pilot projects:

- a) personal evaluation by counsellors, supervisors and managers;
- b) percentage of registration forms drawn by random sampling, showing that client's problem has been properly

identified and positive action taken;

c) reduction of active file and an increase in placements, referrals to agencies and use of Manpower programs.

6. Youth Service

Location: Cornwall, Thunder Bay "N" and Toronto-North York.

Purpose: To demonstrate innovative ways of providing service to young people under the age of 25 who have no particular career orientation or who frequently change jobs or experience prolonged periods of unemployment.

of Staff: 4 full time plus 2 part-time as back up.

Evaluation: Evaluation is in accordance with the model designed by Headquarters Strategic, Planning and Research Division.

7. Queen's University

Location: Kingston

Purpose: To provide an enriched service to Queen's students on campus while conserving scarce Manpower resources.

of Staff: 1 full time plus 1 part-time

Evaluation: Evaluation model being designed in consultation with Headquarters Strategic Planning and Research Division.

8. Career Information Centre

Location: Georges Vanier Secondary School, Willowdale, jointly funded by the Department (Grants and Contributions) and the Board of Education for the Borough of North York, with the approval of the Provincial Ministry of Education.

Purpose: An extension of the Guidance Department, the Centre provides vocational information, occupational counselling and job search skills to students of Georges Vanier and to others in the community in need of such assistance.

of Staff: 1 full time

Evaluation: Evaluation model designed by the Research Branch of the Board of Education for the Borough of North York in consultation with Headquarters Strategic Planning and Research Division.

E. Quebec Region1. Manpower for Youth

Location: Trois-Rivières and Joliette

Purpose: The qualitative and quantitative improvement of services to youth to facilitate their integration into the labour force.

of Staff: Six CMC staff and one Regional Co-ordinator

Evaluation: Qualitative and quantitative evaluation, longitudinal study and sampling.

2. Operation Placement

Location: All CMCs

Purpose: To participate with the Provincial government in a Social Affairs Department project sponsored by the Department of Labour and Manpower aimed at promoting the integration of welfare recipients into the labour force.

of Staff: Approximately 80 employees participating in local and regional committees.

Evaluation: This is a provincial responsibility.

F. Atlantic Region1. Vucom

Location: 34 CMCs in Nova Scotia

Purpose: To improve the efficiency of the Management Area handling of clearance orders and inter-Regional clearance of orders via mechanical data processing.

of Staff: One Regional Coordinator on a full-time basis. Workload in each CMC will be absorbed by existing staff.

2. Newfoundland Training Project

Location: Newfoundland

Purpose: In cooperation with the UIC, to utilize insurance funds for the purpose of providing training in shortage occupations to unemployed clients in Newfoundland and to experiment with a more constructive use of UIC funds.

of Staff: 1 full-time. Regular staff absorbs additional workload.

Evaluation: Statistical Analysis by Headquarters Strategic, Planning and Research Division.

3. Youth Modules

Location: Halifax, Moncton, St John's Nfld.

Purpose: To identify needs of youth and to identify and ensure the effective delivery of programs and services to youth.

of Staff: 10 CMC staff

Evaluation: Quarterly reporting system commencing March 31, 1975. Assessment of all duties related to youth programs.

4. Computer Printout of UIC Inactive Claims

Location: Atlantic Region CMCs

Purpose: To supplement the 30-day client follow-up and to reduce the number of reports to the UIC on non-claimants.

of Staff: Absorbed by regular staff

Evaluation: Survey sampling and evaluation by UIC-M&I Coordinator.

APPENDIX "G"

CANADA MANPOWER TRAINING PROGRAM (CMTP)
DISTRIBUTION OF LANGUAGE TRAINING BY REGION
1973 - 74

REGION	LANGUAGE TRAINING DAYS PURCHASED	PERCENTAGE DISTRIBUTION	
		TRAINING IN ENGLISH	TRAINING IN FRENCH
ATLANTIC	0	0	0
QUEBEC	358,096	15%	85%
ONTARIO	450,010	100%	0
PRAIRIE	26,772	100%	0
PACIFIC	64,760	100%	0
CANADA	899,638	66%	34%

APPENDIX «H»UNEMPLOYMENT RATES

	<u>14-19</u>	<u>20-24</u>	<u>25 and over</u>	<u>National Rate</u>
1960	13.1	9.3	5.8	7.0
1961	13.2	9.0	6.1	7.1
1962	11.6	7.6	4.9	5.9
1963	11.5	7.6	4.5	5.5
1964	10.3	6.2	3.7	4.7
1965	8.8	4.7	3.1	3.9
1966	8.2	4.2	2.8	3.6
1967	9.3	5.0	3.2	4.1
1968	10.8	6.3	3.7	4.8
1969	10.8	6.0	3.6	4.7
1970	13.6	8.3	4.4	5.9
1971	14.6	9.2	4.7	6.4
1972	13.6	9.5	4.6	6.3

UNEMPLOYMENT RATES BY REGION (1972)

	<u>Adult Rate (25 and over)</u>	<u>Youth Rate (14 - 24)</u>
Atlantic	6.2%	14.7%
Quebec	6.2%	13.7%
Pacific	5.6%	13.2%
Ontario	3.4%	9.0%
Prairies	3.1%	8.2%

APPENDIX "I"**RATIO OF YOUTH UNEMPLOYMENT RATE
TO TOTAL UNEMPLOYMENT RATE**

	Unemployment Rates		Ratio
	14-24	National Rate	14-24 National Rate
1960	11.0	7.0	1.57
1961	10.9	7.1	1.54
1962	9.4	5.9	1.59
1963	9.3	5.5	1.69
1964	7.9	4.7	1.68
1965	6.5	3.9	1.67
1966	6.0	3.6	1.67
1967	6.8	4.1	1.66
1968	8.2	4.8	1.71
1969	7.9	4.7	1.68
1970	10.4	5.9	1.76
1971	11.4	6.4	1.78
1972	11.1	6.3	1.76

APPENDIX "J"**UNEMPLOYMENT BY AGE
(000's)**

	14-24	25 and over	Total
1960	154	292	446
1961	154	313	466
1962	136	255	390
1963	140	234	374
1964	125	199	324
1965	108	172	280
1966	107	160	267
1967	130	185	315
1968	163	219	382
1969	165	217	382
1970	224	271	495
1971	256	297	552
1972	263	298	562

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FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

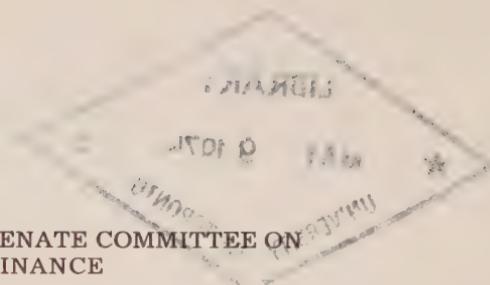
Issue No. 12

THURSDAY, APRIL 10, 1975

Seventh Proceedings on

The examination of the Estimates of the Manpower Division
of the Department of Manpower and Immigration for the
fiscal year ending the 31st of March, 1975

(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Rochichaud, L. J.
Giguère, Louise de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

*Ex officio member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, April 10, 1975
(12) (7)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9.30 a.m.

Present: The Honourable Senators Everett (*Chairman*), Barrow, Carter, Croll, Desruisseaux, Neiman, Prowse, Robichaud, and Sparrow (9)

Present but not members of the Committee: The Honourable Senators Connolly and McDonald (A.H.)

It was proposed by the Chairman and unanimously resolved that the Committee in future meet on Wednesdays at 3.30 p.m. and as usual on Thursday at 9.30 a.m.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

On behalf of the Canadian Council on Social Development the following witnesses were heard:

Mr. R. Baetz, Director
Mr. K. Collins

In attendance:

Mr. J.H.M. Cocks, Director of Research and Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

A brief prepared by the Canadian Council on Social Development on Manpower Programs has been ordered to be printed as Appendix to these Proceedings.

At 12.30 p.m., the Committee adjourned until 3.30 p.m., Wednesday April 16, 1975.

ATTEST:

Georges A. Coderre,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, April 10, 1975

The Standing Senate Committee on National Finance met this day at 9.30 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, first I should bring to your attention that, because of the number of witnesses we have to hear on this study of the Manpower Division of the Department of Manpower and Immigration, we have decided that, with your permission, we should embark on Wednesday afternoon as well as Thursday morning meetings. It would be our intention to start them next Wednesday, April 16, with Mr. W. Coke, Vice-President, Manpower Services, and Past President of the Canadian Temporary Help Association. On Thursday morning we will, as previously scheduled, have Professor Noah Meltz, the Associate Chairman of the Department of Political Economy at the University of Toronto.

Senator Croll: Would the meeting on Wednesday afternoon be after the Senate rises?

The Chairman: It will be after the Senate rises, unless the new rule is passed, which would make it 3.30 p.m. automatically. Is that agreed?

Hon. Senators: Agreed.

The Chairman: Honourable senators, the witnesses today are Mr. Reuben Baetz, Executive Director of the Canadian Council on Social Development, and Mr. Kevin Collins, Program Director, Income Security, the Canadian Council on Social Development. You have received the brief and the summaries of the brief from Mr. Baetz, who has a statement to make, so with your agreement we will proceed with Mr. Baetz's statement. Is that agreed?

Hon. Senators: Agreed.

Mr. Reuben Baetz, Executive Director, Canadian Council on Social Development: Thank you very much, Mr. Chairman. We are very pleased to have this opportunity to appear before your committee to convey to you some of the views of our council. As you know from the brief that you have in your hands, we have approached the subject in a very broad-gauged way, not only because our council's central function is the formulation and promotion of social policy, but also because on the subject of manpower itself we found it necessary to take a really broad approach to manpower. Because this was the case, we have touched on many points. We apologize for the unwieldy size of the brief, but we hope that you will find some value in at least some of the points.

The Canadian Council on Social Development is a non-governmental organization. It is the oldest and largest citizens' organization in the country. The first director was Charlotte Whitton, many years ago. Things have quietened down somewhat since! We have a board of governors that, according to our constitution, reflects the total spectrum of Canadian society. We have on our board some esteemed senators. Senator Muriel Fergusson has been a long-standing officer of our organization. Senator John Godfrey has been a very valuable member of our organization for a long time. Our current president, Mrs. Benidickson, carries a name that is known in the Senate. We have not only Liberals and senators on our board, but also people of other political persuasions. Mr. Scotton, the Executive Secretary of the NDP, and Mr. Macdonald of the Conservatives, are on our board. We have people from many walks of life, which we hope and think does reflect the broad spectrum of Canadian society. If you wish me to do so, sir, I can touch in this introductory statement on what we consider to be some of the highlights of the brief, rather than going through this page by page.

The Chairman: That would be preferable.

Mr. Baetz: The first point that we have endeavoured to make, is that if Canadians are to find enough meaningful employment opportunities, it is obvious that policies and programs in addition to Manpower must be developed with this common objective. The most important of these policies is the prudent use of aggregate policies, especially fiscal and monetary measures to provide sufficient job opportunities. If there is not enough employment available, manpower swims against the stream. An impossible task would simply be created for manpower. We are particularly concerned with what we call, quite frankly, a bungling approach to long-term Manpower planning in this country because the welfare system, and especially those on welfare, the so-called welfare bums, are so often picked out as the scapegoats. We simply say there are people unemployed in this country who cannot find work. It is because of lack of job opportunities, because they do want to work. So we start with this major point, that we feel we have not done enough to create employment. We expand on why we feel this way, and we can return to that during our discussion. We have also indicated that, as with other government programs, manpower activities are directed in varying proportions to the achievement of three broad socio-economic goals. We hear of this in virtually every program. One is growth, the second stabilization, and the third equity. We, frankly, feel that in the manpower policy the equity goal has clearly been made a poor cousin to the other two goals, growth and stabilization. We think there are two key stumbling blocks. First, the enabling legislation of the department we feel will have to be revised if the equity goal is to be brought on a par with growth and stabilization. Secondly, we think it is difficult to change a mode of thinking or psychology that becomes engrained in

a bureaucracy. Specifically, the tradition of the department is one of serving the needs of employers. We recognize that constitutional distribution of power in Canada limits the role of federal agencies, particularly the sensitivities of the provinces to any encroachment on their rights in the field of social services. However, if traditional institutional models are inadequate to meet these objectives, it is high time we invented new ones. We do talk about new models of delivering manpower services and indicate that Germany might provide an example, certainly an example worthy of your further examination.

We talk in the second major part of our brief about a human development strategy. We feel that the eradication of poverty is the first priority in the human development strategy. We note that in a real sense there is evidence that the position of the poor has regressed in recent years. By both the Senate and the Canadian Council definitions, Canada has added approximately 50,000 households a year from 1967 to 1973 to the poor segment of our society. We can return to that point for discussion.

As the committee is probably already aware, our Council, along with the Special Senate Committee on Poverty, has argued for the introduction as soon as possible of a guaranteed income through a negative income tax mechanism. I do not need to go into the details of that type of mechanism, but we feel that a guaranteed income could be introduced into this country. I know many disagree with that, but we feel that economically we can afford it. We feel, I think along with some members of the Senate, that the real issue is not one of economics at all, but of values. What do we wish to do with our national wealth? It is not a case of its not being there, but how we distribute it. Clearly the federal government has opted to allocate the windfall gains from inflation almost exclusively to the non-poor. We refer back to the last November budget. Another point we make is that the manpower and education programs are clearly a crucial part of an anti-poverty strategy. We do not believe we can solve the poverty problem simply by more and more transfer payments; we do not believe that. We think that manpower and education programs are a very important part of our war against poverty. However, we are concerned that there tends to be a feeling developing at the present time that if our manpower and employment programs and strategy become strong enough, then we can disregard the income security measures. We, frankly, think that certainly not in the short term is it practical. It may be in 25 or 30 years, if the manpower and educational programs develop and improve, that we will need much less by way of transfer payments, in whatever shape or form, whether it be through a negative income tax approach or any other. The point we are making here is that as we look at the development of manpower and education policies we must not allow ourselves to be caught in the trap of thinking that we can almost immediately remove everyone from the welfare rolls and cut out all the other security programs, placing people into jobs. In the same section we have made some comments with respect to leisure time, work, and so on, which I will not discuss in this presentation. We do talk of industrial democracy, to which I will return in a moment. However, at this point I would simply like to say that in looking at industrial democracy, this is an approach which attempts to achieve some kind of synthesis from the current system of confronting monopolists—unions and management. I will go into that in more detail later.

In our third major section, which we have entitled "Current Manpower Programs", we ask if things are so good,

why change? We have taken a very close look at many of the statistics presented to your committee by the Department of Manpower and Immigration and issued to the general public through press releases and so on. Frankly, we have a very healthy scepticism with respect to many of these statistics. The first ground for scepticism is that the cumulative effects of such effective action should be more discernible in aggregate data, particularly employment and unemployment data, and the poverty population. In other words, if we were to take at face value all the accomplishments that have been claimed by the Department of Manpower and Immigration and statistically, apparently, supported, then we must wonder why there is unemployment in this country, why everyone is not working they feel they should be working and what is the problem?

The second major source of scepticism stems from the methodology of cost-benefit analysis.

It will say just a word with respect to the placement activities, just by way of illustrating our reasons for some scepticism. We say: "In operation, the federal Manpower program is oriented toward providing a service to employers—that is, toward labour demand." The relevant question now is how much progress is being made away from its orientation? Our judgment is that progress, though significant, is too slow and uncertain. Some of the programs aimed at the most difficult to reach groups appear quite trifling to us. In the "Outreach" program, for example, it is estimated that the department will spend \$783,000 in the "unemployed, urban poor and welfare recipients" category in 1974-75. This amounts to about one-tenth of 1 per cent of the departmental budget and we, frankly, think it could reflect an unhappy system of priorities.

In 1973-74, in all Canada Manpower Centres, only about a third of referrals were placed. It is further indicated that whereas two-thirds of employer vacancies reported are filled by CMC placements, only one-quarter of clients registered at Canada Manpower Centres get placed. Clearly Canada Manpower is much better at finding people for jobs than finding jobs for people. We develop that point further.

A word about training. In the period since 1967, over \$2 billion have been spent on training over two million individuals. Our first impression is that the cost per individual trained, at about \$1,000, is very modest. We spent over \$2 billion training two million. In other words, the cost per individual is about \$1,000, which we think is very modest.

The minister has indicated that in comparison with five other countries—the U.S., the United Kingdom, Sweden, France and West Germany—Canada was second only to Sweden in 1972. I am sorry we have not been able to provide more up-to-date statistics, but that is all that is available to us. In 1972, in terms of training expenditures as a percentage of gross domestic product, we spent .43 as compared with .37 in Sweden. The U.S. and France, at the other extreme, spent only .09 and .15 respectively.

On the surface, it looks as though, compared with Sweden, we are spending a very favourable amount. But you have to take a look at the unemployment statistics in Sweden, because they are so much lower than they are here in Canada, where we are spending substantially less per unemployed person than they do in Sweden. Here again is a case where statistics can very easily be deceptive.

We think also that the placement activity for "special needs" groups is too low. We recognize that responsibility does not rest with Manpower only. It is a sad reflection on the social conscience of private employers that they seem to require virtually the entire wage-bill of "special needs" clients subsidized before they will train them, particularly as the skills developed are often specific to the firm and can be performed equally well by this group as by other less needy groups.

Additional evidence that the training program is failing to concentrate on the groups most in need can be gleaned from the changing characteristics of trainees enrolled. In terms of educational level, for example, the proportion of trainees in institutional training with grade 8 or less has declined from 40 per cent in 1969-70 to 30 per cent in 1973-74. In other words, the trend is very clearly in the wrong direction.

In terms of age, only 11 per cent of trainees have been in the 45 years and over category. While we recognize the problems facing youth in their search for jobs, these trends reinforce our conclusion that the program is not reaching the neediest groups—for example, the older and least educated worker who may not result in the best cost-benefit ratio and longest "pay-back" period.

Another point and I will quickly wrap up this introduction, Mr. Chairman. We feel that the most prohibitive restriction on doing more for the most disadvantaged groups is the maximum of 52 weeks for basic educational upgrading allowed by the Occupational Training Act. The liberalization of this restriction, and the federal-provincial rationalization of the training-education dilemma involved, should be a top priority item for your committee to look into.

We recognize and realize that anything after 52 weeks is regarded as education and therefore it is a provincial responsibility. We frankly think that is an arbitrary definition. It is a meaningless one. It is another example where we tend to fall into the trap of being more concerned about federal-provincial relationships than about human well-being. We say, "If the provinces and the federal government are happy with the 52-week limitation, that means we have achieved our objective." We should be looking at what that 52-week limitation in training means for the individual who is trying to be retrained.

We have made some comments on mobility. I will not get into this at the moment. We talk at length about job creation. We regard job creation activity by the department as a valuable addition to the greater social development in Manpower programs and hope this will continue in revised form when economic circumstances improve. We are glad to see that the department will be doing something more this summer than originally planned for Opportunities for Youth.

Until other more appropriate agencies are created for their administration—and we underline "more appropriate agencies"—we feel the department should remain active in this field. Work opportunity programs emanating from the community and with a strong social service content constitute an important method of improving the average quality of jobs in society.

Work opportunity programs are an important potential instrument to activate what is a more discriminating, but not reduced, work ethic among the young. Work opportunity programs are capable of offsetting to a significant degree what we feel is a serious imbalance in other Man-

power activities away from the most needy groups in society. Through these programs, the aged, disabled and heads of one-parent families—many of whom cannot cope in the labour market even in conditions of full employment—can make a significant and productive contribution to society and enhance their feeling of self esteem. So we fully support this idea of job opportunities such as OFY and LIP.

We do think, however, that this particular program also has some very serious shortcomings.

The most serious shortcoming of the existing job creation program is the "open and closed" sponsorship of projects by federal Manpower. Meaningful projects are initiated and often have to be cut off because there are no available sponsors for continuing the projects and because one part of our organization is closely associated with community funds across the country. With provincial governments and local governments, we constantly get static on this point, that through LIP and OFY some really very useful service has been developed and suddenly, at midnight on a certain date, funds are cut off and community funds, local governments, or other foundations are besieged for funding. In most cases they have to turn them down because they do not have sufficient money. So we really worry about this "off and on" approach to these programs.

We also feel that work opportunity programs are not reaching the most disadvantaged in sufficient measure. In the Opportunities for Youth programs, for example, departmental officials have indicated that in 1972 only 18 per cent of the participants came from families with income under \$5,000. At the other end of the income distribution, 8.8 per cent came from families with \$25,000 plus income, almost twice the incidence of such families in the country at large. In other words, it is another classic example of moving in with the best intention in the world to provide a program to the most disadvantaged in the country and ending up with a larger percentage, an undue proportion, of other income sections of the population taking advantage of the programs.

We think that eventually the local authorities and provincial governments ought to take responsibility for the development of these work opportunity programs. We feel that the department's role might be more one of funding, with much more by way of project initiation, project priorities, and so forth, coming from the community itself rather than the government.

In closing, Mr. Chairman, I should like to make some observations on the West German manpower policies and programs with possible implications for Canada. Hoping that Canadians might get some insight, or at least clues, from a first-hand study of the West German experience in the manpower area, our Council organized a series of meetings in West Germany and Berlin during the first two weeks of December, 1974. On one major subject, the Canadian impression was unanimous: West Germany does have a highly developed "cradle to the grave" social security system which, in terms of comprehensiveness and rates of benefits, exceeds Canadian dimensions. There is no doubt that West Germany, like Sweden, France and Great Britain, has a highly developed "cradle to grave" social security system.

Why were we so interested in looking at the West German experience? In this country we are being told that a highly developed social security system would destroy the work ethic. Yet, in West Germany we find that the

highly developed social security system operates alongside a work ethic which is flourishing. Even the physically and mentally handicapped are assisted in finding employment by the assignment of compulsory quotas of handicapped workers to German employers in business and industry. We should invent considerably more inducements than our timid efforts have produced to date in helping our handicapped become usefully employed.

That is just one way in which the highly developed social security system in West Germany operates. Instead of destroying the work ethic, it enhances it by taking specific measures to bring into the work force people who would be considered institutional cases in this country. As we have indicated in the main body of our submission, West Germany, through compulsory quotas, force employers to employ up to 6 per cent of their work forces physically or mentally handicapped individuals.

The Chairman: On a point of clarification, are the employers required to train these disadvantaged as well?

Mr. Baetz: Yes.

The Chairman: In other words, they first train them and then utilize them?

Mr. Baetz: There are joint industry-government training programs. The quota system is compulsory. If an employer can prove that either there are no physically or mentally handicapped in his community or that the particular type of industry in question does not lend itself to this type of program, he can be exempted, but he must make a financial contribution to the fund. In the manpower field, the striking difference between West Germany and Canada is the basic approach to employment. While in Canada we have tended to concentrate on assisting persons after they have become unemployed, the emphasis by West Germany is on employment promotion. Unemployment benefits are provided only as a last resort. This emphasis is reflected in West Germany's major pieces of legislation. The centrepiece in terms of legislation in Canada is the unemployment insurance program, whereas in West Germany it is the Federal Labour Promotion Act. Even the titles of the respective centrepieces tell us something about the basic approaches of the two countries.

Some of the policies and practices of West Germany could be applied in Canada with nothing more than a change in legislation or regulations. For example, we could, and should without further ado, introduce the practice of providing higher cash benefits to the unemployed if they agree to undertake training which, in the opinion of the department and the individual client, would in fact enhance his future employment opportunities. In other words, if it is felt by both parties that training will benefit the client, in the case of West Germany, that person would get 30 per cent higher unemployment cash benefits than if he simply opted to sit it out and collect the benefits under the unemployment insurance program.

We understand that the Honourable Mr. Andras has already indicated that this practice should be introduced in Canada. We feel he ought to be supported in this proposal.

We could also follow the West German practice of encouraging unemployed workers to accept temporary jobs, even at less pay than they were receiving in their previous positions, by subsidizing their incomes from the unemployment insurance fund temporarily in order to bring their gross income up to the level of their previous earnings. The West German Government will assist a

worker in this way for up to three years. In other words, if a man loses his job and can only find a job with less pay, the West German Government, through unemployment insurance benefits, will subsidize his income to bring him up to the level of his previous earnings. We feel that is an improvement over our current "all or nothing at all" approach.

Incidentally, in order to qualify for unemployment insurance benefits in West Germany, the individual must have been in the labour force for a period of 26 weeks. In Canada it is a period of eight weeks. I believe that we could very easily increase the period in Canada to 26 weeks. The eight-week eligibility period has, in my view, created an administrative headache. I would not recommend that, if it were not for the fact that there are other income security measures available. The eight-week eligibility period is the lowest in the world.

We were also greatly impressed with the greater integration in West Germany of Manpower Services, those services which are provided in this country by Manpower and Immigration on the one hand and by the Unemployment Insurance Commission on the other. It is our view that we ought to move towards much greater integration of these services. To the individual who needs help, whether in the form of cash benefits, placement services, training, or whatever, all of these services should be generally part of the same process. We should not be misled into believing that collaboration and cooperation between the department and the commission is all that is required. What is necessary is what we call "case integration," and the first essential step towards that must be the integration of the two organizations. The West German federal institute is not part of the central government but, in legal terms, is a self-governing public law corporation. The institute, both at headquarters and its branch offices, is essentially governed on a tripartite basis by those who consume its services, namely, the employees, the employers and the general public.

We urge this committee to take a hard look at the West German model and the Federal Institute of Labour, which is not an expansion of the federal bureaucracy, but something more like a crown corporation, though even more democratic than that. The governing board of the federal labour institution is made up on a tripartite basis of employers, employees and the general public. For that reason, it is much more democratic, much more responsive to the needs of the consumers of the service. The OECD and others have been very favourably impressed with the West German model.

While we talk about the creation of citizen participation and democratization in Canada, when we set up new programs we are too inclined to take the approach of simply setting up another governmental department or branch, whether at the federal, provincial or local level. It is our feeling that the time has come to take a very serious look at different kinds of models in order to achieve a more responsive, more democratic degree of service.

This, Mr. Chairman, really is my last paragraph. Another service now provided by the German Federal Institute that Canadians should seriously consider making part of our expanded and integrated manpower program is vocational guidance and counselling. We have not given the whole sector of education, training and career development the attention it and the people involved in it have deserved. Caught in the wave of rising aspirations, parents, children, politicians and planners in Canada have tended in the last

25 years to stress too much university education, and have tended to regard it as the major avenue to a satisfying career, with attendant prestige and income. We have done this at the expense of developing secondary schools, community colleges and vocational training areas for those who do not go to university. Too much of our attention has been devoted to university education. As we have said in the main body of the brief, the results of that have been quite unhappy for a lot of people. University graduates, liberal arts students who should not have been admitted to university in the first place, leave university with high aspirations, feeling that their B.A. degree now qualifies them for a career, which it no longer does. This is one reason why we think there is so much searching and discontent among youth.

As we have noted in the main body of the brief, we have for many years heard about the discontent of the blue collar worker on the assembly line. Most recent studies find that that is not the greatest of discontent over jobs at all. Many of the blue collar workers on the assembly line find life quite tolerable. The biggest area of discontent is now to be found among liberal arts university graduates working in big bureaucracies, whether in government or in business, who are not part of a decision-making process, who had great aspirations for jobs and career satisfaction and so on, but find that they are simply small cogs in a big machine.

We have also talked about the concept of co-determination in Germany, which is perhaps on the periphery of your manpower considerations. It was a concept that fascinated us, although that is perhaps not strong enough a word. There is this concept of co-determination in the iron, coal and steel industries of Germany, with huge plants. The plant we went to employs 10,500 people. The board of directors of these huge corporations in the iron, coal and steel industries is elected, half by the employees and half by the shareholders. These boards of directors in turn elect a neutral chairman; they run the companies. It is co-determination. This was forced down the Germans' throats by the British occupying authorities, who were trying to destroy the large German private enterprise corporations that had helped Hitler to power.

What intrigued all of us so much was that this concept of co-determination in these huge companies is turning out to be a tremendous success in terms of high productivity, of return on investment to the shareholder, of labour-management peace—there have been no strikes in these companies—and of competition. It has become a real success story in Germany. The member of the Canadian Manufacturers' Association on our delegation kept asking the members of the board of directors, "Does it work?" It is interesting to note that it was the member who had been elected by the shareholders who replied, "I have worked under private enterprise for Krupp and under this system, and this system is better for everybody."

Of course, the system is anathema to the communists and the socialists, because it does not take the tools of production from the shareholders; it is still a capitalist enterprise. Also, it is not liked by some trade unionists, who say, "Wait a minute, as soon as employees are in the front office managing this, where is the old business of confrontation between union and management?" It is erased, so some diehard unionists do not like it, either. The majority of unionists in Germany do like it, so much so that there is now a bill before the federal house in Germany which will extend the concept of co-determination to

every employer in Germany employing 2,000 or more. We asked whether this would be made law, because it will immediately affect a lot of the American multinationals there, such as IBM, Honeywell, Xerox and Ford. It would affect all of them. We were told by ministers of the West German Parliament that in all likelihood it will pass, because the unionists are in favour of the concept, and today two-thirds of the West German cabinet are trade unionists.

This is a concept of management that we in Canada ought to watch. I am not prepared to say at this moment that it is the best concept, but as I look at the alternatives, from what might be called unbridled capitalism on the one hand, with all the labour strife and disadvantages that one runs into there, to the other extreme of communism and socialism, one would have to wonder whether this concept of co-determination is not the way for the future.

Mr. Chairman, I am sorry I have gone on so long. As I warned you at the beginning, it is a huge subject, and when you look at it from the social policy point of view it has so many different aspects that it is difficult to know where to start and where to end.

The Chairman: Thank you, Mr. Baetz. I personally thought your paper was an excellent piece of work. While I cannot say that I agree with everything that is in it by any means—

Mr. Baetz: I would be surprised if you did.

The Chairman: ... nevertheless, it does what the committee most desires, it raises issues and interesting ways of looking at the problem, and through the exposure to all these different ideas we hope to come up with a report that is worth while and useful to the government.

Senator Prowse: I should like to add very briefly my congratulations to Mr. Baetz and those who worked with him in producing such a comprehensive report. There are some things I have difficulty in following, probably because the ideas are new to me. In the introduction to your brief, on pages 1 and 2, you seem to criticize labour economists for viewing labour as one of the tools of production along with land and capital. Surely that is a basic fact that has to be accepted, does it not, that they are that, regardless of what else they may be?

Mr. Baetz: We would not rule out or discredit that entirely.

Senator Prowse: You are adding the other to it. In other words, you get into the equity question. You are saying they would be added, that labour is still one of the essential tools of production. However, people looking at them have to view them as more than that. Is that in effect what you are saying?

Mr. Baetz: That is right, as I think is mentioned in the brief later on, even the word "manpower" could perhaps be a carry-over from the "horsepower" type of thinking. Maybe Mr. Collins would like to comment on that point?

Mr. K. Collins, Program Director, Income Security, Canadian Council on Social Development: Honourable senators, I do not think we are denying, and we could not deny, that labour is an essential factor of production. We are saying that the Department of Manpower is dominated by labour economists who start with that approach and end with that approach. We would like the concept of work and the role of labour in the production process to be

expanded so as to view work as a living experience, over and above just delivering a certain factor, or a certain amount of energy to the factory. We would like to see the equity considerations, the income distribution considerations, at least brought up to a level of consideration on a par with the efficiency, growth, stabilization type of considerations. So we are criticizing the department for not going further, but not criticizing it as far as it goes. However, it does not go far enough.

Senator Prowse: You accept that as one of the basic facts, but no longer the most important fact when considering the area?

Mr. Collins: That is correct.

Senator Prowse: I gather, then, that your general criticism of the manpower department at the present time, leaving out the Unemployment Insurance Commission because the two do operate separately, is that they have had a very fair record until, the fourth and fifth are the two figures you use, in actually placing people in jobs. However, that is the only task they see for themselves, actually putting the pegs into the holes; is that correct?

Mr. Collins: We should make a very important distinction between our criticism of manpower as a department, what it can do within the limits of the legislation which empowers it, and the restrictions placed on its ability to do what we consider to be the job, the restrictions that are placed on it by the legislation by which it is empowered, by the system of federal-provincial relations and all the sensitivity involved. So, where we may appear to be extremely critical of the Department of Manpower and Immigration, which we are to some extent, our main point is that they are operating with certain restrictions in legislation and in sensitivities vis-à-vis the provinces.

Senator Prowse: In other words, your criticism is not necessarily directed and should not be interpreted as being directed against the individual employees of the department, or those in the department itself?

Mr. Collins: No.

Senator Prowse: It is in the vehicle they are given with which to work and the terms of reference within which they are required to work?

Mr. Collins: That is right.

Mr. Baetz: I would think so.

Senator Prowse: In other words, you say there should be a complete over-view of this, a re-thinking through of the whole thing and a whole new set of legislation to anticipate that Manpower and the Unemployment Insurance Commission, rather than tending to be separated as they have increasingly tended to be and becoming individual departments, should be integrated and become one over-all department?

Mr. Baetz: This is very definitely our view.

Mr. Collins: The point could best be illustrated in concrete terms by reference to the Adult Occupational Training Act and its 52-week restriction. Only so much can be done in view of that restriction. We argue that the restriction should either be extended, or some new relationship worked out with the provinces whereby they can get around the "training-education" division of labour which restricts particularly the federal role in manpower.

Senator Prowse: I would offer the quiet and reserved suggestion that if the federal government were to provide the funding beyond 52 weeks the provinces would not stand on their constitutional rights. I may be wrong.

Mr. Collins: Not if it is simply a question of handing over the money.

Senator Croll: You are not wrong; it is being done in Prince Edward Island and other places where the 52-week period is extended.

Senator Prowse: For training purposes.

Senator Croll: Yes, but they pay the shot.

Senator Prowse: With respect to the prudent use of aggregate policies, you refer to fiscal and monetary policies. My understanding is that at the present time the federal government attempts to use fiscal and monetary policies in order to create more jobs by leaving more spending money in the hands of people, which would create more work. Is this the type of process you have in mind, or is it something different?

Mr. Baetz: Perhaps Mr. Collins could at least begin that response?

Mr. Collins: Admittedly they are trying through fiscal and monetary policy to create full employment. All we are saying is that if you look at the unemployment statistics, obviously we are falling far short of that goal.

Senator Prowse: It would appear that instead of having a trade-off by means of which we thought that economically we could trade off a little inflation for a little less unemployment, these old Keynesian rules just do not work in modern society. Can you suggest why this does not work?

Mr. Collins: Our main point is that fiscal and monetary policy can only go so far. We do not think that it has gone far enough, but fiscal and monetary policies, if they are administered in a more efficient manner and complemented by the job creation activities programs such as LIP, could get us much closer to a full employment situation. For example, you have been told earlier in your sessions by the Department of Manpower and Immigration officials that LIP can reduce the unemployment rate by .3 per cent for every \$100 million spent. If we project that, it would bring the unemployment rate down by 3 per cent if \$1 billion were spent. \$1 billion in a \$150 billion economy really is not that much.

Senator Prowse: Do you consider that actually to be realistic, that by expanding LIP it would work that way?

Mr. Collins: No, it is not realistic, but I just want to present to you the reasoning of the department.

Senator Croll: That is not the statement that was made. It was up to a point. They said, sure they can reduce it up to a point, and we understand that. That was the same question that I asked when it came up in our discussion with the minister. I said, here is one way of getting rid of the unemployment situation, and he said, up to a point. We must understand that.

Senator Prowse: My other point is the question of the zero rate. I do not know how they calculate the figures of unemployment in other countries, but they must use a different process from ours. Where they say the goal

should be 3 per cent unemployment, you say zero unemployment.

Mr. Collins: No, we do not go that far. We make the point that a 3 per cent unemployment rate would still imply 300,000 not able to find work. We believe we can do better than that.

The Chairman: You consider the full employment figure to be less than 3 per cent?

Mr. Collins: We think it should be the goal.

The Chairman: But we are rejecting the goal and being pragmatic: Do you have a figure for full employment?

Mr. Baetz: One of the points we make is that the trend is going in the wrong direction. Some years ago the Economic Council said 3 per cent.

Senator Croll: The Chairman said 4 per cent.

The Chairman: He said 4 per cent to $4\frac{1}{2}$ per cent. Mr. Okun recently, when I was in Washington, said 5 per cent to $5\frac{1}{2}$ per cent.

Senator Prowse: But the Beveridge and Marsh reports issued just after the war indicated, in the Beveridge report, for England, 5 per cent and in the Marsh report, for Canada, 5 per cent. They felt that for seasonal and frictional dislocations, and in order to maintain a pool from which new industries would be able to obtain labour without stripping existing industries, we would always have to operate around 5 per cent. It has been found in Alberta that we have been running around 2 per cent or less.

Mr. Collins: We have had a lower unemployment rate in Canada than 3 per cent. If we have had that, why cannot it be a goal, a policy?

Senator Prowse: If you were to go to Alberta at the present time, where there is this 2 per cent, you would find in the newspapers every day that the 2 per cent is made up almost entirely of unemployables. You will find that for any job which requires any training skill at all, the papers are crying their eyes out for applicants, they just cannot get them.

The Chairman: I could not tell from reading your paper whether you reject the trade-off theory or accept it and say that inflation is the lesser evil.

Mr. Baetz: What we are saying here is that in the trade-off, which inevitably happens in most countries between inflation and unemployment, Canadians have generally opted for—I do not know whether it is government policy and the government has or has not been following it—somewhat higher unemployment than somewhat higher inflation. Here again, we say, "All right, if that is the policy, if, in fact, this is true, that there is this inevitable trade-off, who gets hurt?" If you say, "We are ready to accept a little higher rate of unemployment if it means that inflation is controlled," perhaps that is fine. But if that is the case, who gets hurt? We are saying that it is the poor who get hurt, the disadvantaged. They are the ones who are most vulnerable to unemployment and all the rest. Traditionally Canadians appear to have preferred somewhat higher unemployment than high inflation.

Senator Prowse: Let us take a look at where we are now. We are starting to head into—the last figures indicated that seven per cent unemployment was the national average. With inflation, we are running at the rate of 11 per

cent or 12 per cent a year. Is not the situation like this, when looking at the problem in terms of getting hurt? Around Christmas time, there was a headline in the press in one of the newspapers in the West—I was there at the time—which indicated that we were going to have a 16 per cent increase in food prices during 1975. If we have inflation, is it not the poor who will get hurt most by it? Is it not the person who has to spend every cent he makes in order to get by who gets hurt by any increase in prices? So we have that clear choice, to say we are better off to keep them working and let prices rise, or try to hold prices and have more people on unemployment and welfare.

Mr. Collins: I think research suggests—it is debatable, it is not clear cut—that the poor do get hurt more from inflation than the non-poor.

Senator Prowse: That is obvious.

Mr. Collins: The other side is, do the poor get hurt more from unemployment than the non-poor? The evidence is almost unanimous. There is little debate that the poor get hurt more from unemployment than the non-poor. On the inflation side of the question, the answer is mixed. We are saying that, given the high incidence of unemployment, it was a choice. We think the instruments were there to prevent high levels of unemployment in Canada, particularly during the last decade. We think it was a callous choice, and that choice is still being made.

In the case of Mr. Turner's last budget, we were talking about a federal deficit of \$1 billion or \$1.5 billion. Let us look at the U.S. federal deficit. Some people are estimating that the deficit in the U.S. next year may be close to \$100 billion. The estimates range from \$50 billion to \$100 billion. If we translate that and adjust it to the population, that would be equivalent to \$10 billion deficit in Canada.

We think the last budget was not expansionary enough. It was too conscious of the possibility of inflation as a result of running a higher deficit. The result is that we are going to have a continuing increase in the unemployment level.

Senator Croll: The Americans have opted for unemployment and have cut their inflation rate down from 12 to 7. They can do that by executive orders. Let us get back to the unemployment question, about who is likely to get hurt. The man who is unemployed, when he is unemployed, is hurt 100 per cent, is he not? When a man has \$70 in his pocket and finds that because of inflation it is worth only \$50, in terms of purchasing power, he is only partially hurt, is he not? We should draw the distinction as to where we are going.

Mr. Collins: I do not know whether the senators have noted the latest Gallup Poll results. The question was broached to a sample of the Canadian population, "What do you think the federal government should do—concentrate more on alleviating inflation or unemployment?" About 60 per cent answered "Yes" to the inflation side of the question. There is a simple reason for that. Most of the people asked had jobs. Inflation hurts everyone a little bit. Unemployment hurts a smaller group a whole lot.

Senator Croll: There is no such thing as unemployment of 8 per cent to the fellow who is out of work. It is 100 per cent, and that's it.

Senator Prowse: I am still not happy about the 3 per cent. We have to have some kind of goal. Realistically there has to be something which we can accept and say "This we

will have with full employment". We can assume that, on the side, we shall have a guaranteed annual income for people who are unemployed. Do you think that in a country which has extremes of temperature, and very great seasonal fluctuations in the work force, it is realistic for us to aim at something less? If we get down to below 3 per cent, will we not get into a position where we actually have a manpower shortage which will result in all kinds of dislocation and will bring with it greater difficulties?

Mr. Collins: We have a precedent in Canada for a lower rate of unemployment than 3 per cent.

Senator Prowse: For a very short time.

Mr. Collins: For four or five years in the post-war period we had an annual rate of unemployment lower than 3 per cent. If that happened before, certainly it is a realistic goal.

Senator Prowse: It is not too much to hope for today.

Mr. Collins: We acknowledge that it is extremely difficult, given the regional disparities in Canada, the seasonal occupations, et cetera, but we have a regional development policy that is supposed to take care of that problem to some extent.

Senator Prowse: If we do this, we come to another point. Have you given any thought to what extent we should meet this problem by moving people to areas where there are jobs rather than trying to take jobs into areas where there are unemployed people?

Mr. Collins: We recommend in our brief that the mobility program be expanded, although we have acknowledged the interprovincial sensitivities in this area. Frankly, we pushed the political and constitutional issues aside in this respect, although we do acknowledge the restrictions and difficulties in implementing such a recommendation.

Senator Carter: Mr. Chairman, I have some difficulty with this brief in terms of manpower policies, which is what we are trying to come to grips with. I can accept the criticism that manpower policies are oriented too much on the economic side and oriented too much towards the employer, even though that is being corrected. I can accept the criticism that the equity role is the poor relation as compared with the growth and stability, and that manpower policies are not sufficiently social oriented.

I can accept, also, the view that we need a new philosophy, treating labour as a resource rather than an economic tool. However, when I come to apply this concept to Canada, I run into difficulty. If Canada were a totalitarian state, we could lay down the law and enforce a lot of things. However, in trying to devise a policy for a federal democratic state, a free enterprise society, I encounter difficulty.

I should like to begin with the statement made, I believe, by Mr. Collins, to the effect that inflation hurts everybody a little bit, but unemployment hurts certain people a lot. That is only partly true. This is the type of statement that bothers me. Surely there must be a point where inflation, if it is not controlled, will ruin the whole economy, thereby hurting not only the poor but everyone? Would you agree with that?

Mr. Collins: Yes.

Senator Carter: That brings us back to the problem that Senator Prowse was trying to get at. You say there should

not be so much in the way of trade-offs, but you do not say what the balance should be.

Senator Prowse: How much can we take?

Mr. Collins: Frankly, we do not know.

Senator Carter: Yet, in your brief you state that this is one of the things that is wrong. If there is no solution—and I do not see one—I think you should admit it. There is an implied criticism of the government in your brief for coming down too much on the side of inflation and not enough on full employment. The government is in the same dilemma. It has to preserve some sort of balance. The problem is where to draw the line. You admit you do not have the answer, and we do not have it. It is hardly fair to make that criticism unless you can provide an answer.

Mr. Baetz: To say we do not know is, perhaps, painting it in too dark a term. I agree with your basic concern in this respect, senator. It simply is another indication of a growing concern which I have, and which many people have, that the extent of inflation in any country is, to a very large degree, determined by the collective will of the people. In other words, it is as much a political factor as it is an economic factor. I am not saying it is only a political factor. Economics are, obviously, part of it.

While in West Germany, we asked the federal Minister of Finance of West Germany how he was able to keep inflation at such a low rate, and his reply was that the people would throw the government out if it allowed the rate of inflation to go beyond 6 per cent. He said the people were prepared to accept some austerity measures if in the long haul they provided stability, and he saw this as a major political factor. Frankly, I do not know how far the people of Canada are willing to go in this respect. If the government were to bring down some severe and austere measures that would help reduce inflation but which might cause some hardship for the present, I am not sure how far the Canadian people would be willing to go. That is a political decision, and politics is the art of the possible. We say we do not have the answer because we do not know how far Canadians want to go at this particular juncture.

To go back to unemployment for a moment, it is a myth that through proper fiscal policies and proper trade-offs in terms of a balance between unemployment and inflation, we can wipe out all unemployment. We talk about a figure of 3 per cent. What is 3 per cent? That is an average. It might be the national average, but it means that in some regions the figure might be 12 per cent, no matter how buoyant the economy is. It might mean that for some people, such as the emotionally disturbed or the physically and mentally handicapped, the rate will be much higher. We have to compensate somehow or other in our manpower programs for those sectors of the population. This will require very unusual and special measures. It is in that area that we feel we have not really done quite enough in terms of manpower programs. We say we are going to spend money on Outreach, or on more retraining, more mobility, and so forth, but when one examines the results, one finds that the real hard core groups have not been reached.

Senator Carter: I agree with you. What you are really saying is that we are living in a democratic society where the government can only move in accordance with the will of the people. We know that there is a vast difference in what the Canadian people will accept and what the West German people, for example, will accept. I was in Germany

at the end of World War II and I saw the people clearing away the rubble. Management was there at 8 o'clock in the morning along with the men clearing away the rubble. You would not see that in Canada. Even the unions agreed with it. They were united in their determination to rebuild that economy as fast as they could, and they did so. They replaced their bombed-out factories with modern factories, and in about seven or eight years they were moving ahead of such countries as Britain. That is what we are up against. When talking about jobs, this is what bothers me. You say in your brief that we need more and better quality jobs. In a free enterprise economy we depend mainly on free enterprise, on the private sector, to do that. You complain that DREE and other government agencies have come down on the side of capital intensive operations. I do not know what your answer to it is. In our society we can only persuade; we cannot force people to do this and that. We have to persuade free enterprise that they have a responsibility towards these hard core people. What we are doing now is going to the other extreme and saying that the government should accept responsibility for everything. This is something we have to try to get away from.

Mr. Baetz: We completely recognize the point you make. I have only two comments on it. The first is that in the whole area of broad monetary and fiscal policy and so on, we think that not enough attention has been given to the development of secondary industries and processing for many of the basic resources in the country; we have fallen down on the job. We are not the originators of this idea; this has been stated time and time again. There is a place where government can establish a policy within which private enterprise can operate quite well, and through which additional jobs can be created.

I guess the major point we would like to make is our concern that in this country—and I have worked in many different countries—we are hung up on this idea that we have in our midst a lot of lazy bums, people who don't want to work, that the work ethic is dead, that these fellows will be found on the welfare rolls and so on. Our concern is, as we say in our brief, that we as a country are making these people the scapegoats of a lack of some sufficient policy, and maybe the real cause of our problem is lack of adequate jobs in the country. There may be a lot of jobs, but they are jobs that neither you nor I nor a lot of other people would take. All we are seeking here is some balance. Senator Croll has proved it in his study, and it has been proven time and time again. If there are adequate jobs available, people will take them.

Senator Carter: We have no disagreement there, Senator Croll.

Senator Croll: No. You were on the committee.

Senator Carter: We recommended that. I was also on the Special Committee of the Senate on Science Policy, which recommended the very thing you are talking about—more manufacturing and a new industrial strategy. These things take time. People have to be educated; it has to be allowed time to sink in and roll around a bit before something comes out. Even then public opinion has a great part to play in it.

The other thing that bothers me is training. I am perhaps the devil's advocate this morning. The Manpower people and the federal government cannot get into education. They can do more, and I agree with you that they should do more, in industrial training. I think that is one of the things we will have to examine more. When we get to

academic training and upgrading training, we are at the mercy of the provinces; each province is sovereign in that field, and the federal government can only go to the common denominator of what they can get the provinces to agree to. This is where the 52 weeks comes into play. These things cannot be changed. We would like to change them, too, but we have to be realistic and realize that the federal government cannot do it. It is something that has to be worked out as a compromise.

Mr. Collins: In the brief we have operated under the assumption that there is nothing as practical as a good idea. We acknowledge that we are short on specific mechanisms. What do you do about this tomorrow? We are short on that score.

The other comment I would like to make is that perhaps we are letting the federal government off the hook a little too easily on what they can do. I go back to the DREE program. For reasons I will not go into, I am more familiar with that than with Manpower. In the brief we have commented that they have generally favoured capital intensive operations, particularly in terms of the grant awards they give. DREE receives applications for grants to support new activities far in excess of the number of approvals they give. They have a very wide degree of discretion and latitude to apply, in dealing with all those applications, a certain policy. They have applied a policy of supporting capital intensive activities. They had the option to shift the weight of support in their program towards the labour intensive side, but they did not do it.

Senator Prowse: Can you give us an example of that? I am not sure that is true, that they have the option. Can you give examples of where they have turned down something labour intensive and given a capital intensive operation assistance?

The Chairman: I may help there. The policy of DREE seems to eschew grants to service industries, which are generally labour intensive, but favours secondary manufacturing industries, which tend to be capital intensive. I think that would be a general policy.

Mr. Collins: I would make a comment similar to the one I made about Manpower, in defence of DREE officials, the bureaucrats. They do not have the power in the legislation to give those types of grant. The legislation would have to be changed, and surely there is power to do that.

Senator Carter: This is true. I don't know how many fights I have had with DREE over individual cases that have been brought to my attention. They always say, "This is what the legislation says, we cannot go outside what the legislation will permit."

The Chairman: I should like to ask a supplementary question in connection with the subject of DREE, which you have raised. On page 9 of your brief you say:

The results of Canadian industrial policy have left us with a manufacturing sector that is too much a branch-plant extension of American industry, and a service sector that is too much the resting-place of under-employed labour resources, particularly women and youth.

It is that last sentence that I would like to get an enlarged explanation of.

Mr. Collins: The service sector has a disproportionate amount of employment among youth and women.

Senator Croll: Women in the service sector?

The Chairman: I am talking about "under-employed labour resources". The implication I read into this is that the manufacturing sector fully employs our labour resources and the service sector under-employs them. If that is what you meant by that, I vigorously question that. As a matter of fact, I say that if anything it is probably the other way round.

Mr. Collins: Our view is that if a woman with a university degree has to take a job in a five and dime, then she is under-employed relative to the skills that she possesses and the educational level she has attained.

The Chairman: I do not disagree with that, but the implication here is that the service sector can provide only five and dime jobs. If anything, the service sector provides more. I just raise the point.

Senator Carter: I would like to know more about the German Federal Institute for Labour. Is that a part of government, a crown corporation, or just a completely autonomous organization?

Mr. Baetz: It is an autonomous organization. It was brought into being by legislation of the West German federal government. It is self-governing, its governing body being tripartite.

Senator Carter: It is established under legislation?

Mr. Baetz: That is right, but it is really more democratic than a crown corporation would be in our country. The board of governors of the federal institution is elected by the employers, the trade unions elect their representatives and the public at large, including some governmental officials, elect their representatives to the board. So it is much more democratic than, for instance, a crown corporation with its appointed board.

Senator Neiman: Is there an employers' association in Germany?

Mr. Baetz: Yes.

Senator Neiman: How do the public elect their representatives? Is it done at a general election, or through a special process?

Mr. Baetz: The interests of the general public are maintained through appointees by the federal government and by laender, the provincial governments, but they only have a third of the representation.

Senator Carter: How are they funded?

Mr. Baetz: Through premiums, as our Unemployment Insurance program is supposed to be funded here.

The Chairman: Is it a fully funded program?

Mr. Baetz: Yes.

The Chairman: Unlike ours?

Mr. Baetz: The German government makes very minor contributions, but it is essentially self-funded through contributions by employers and employees. In times of national disaster or emergency, for instance if suddenly there were 25 per cent unemployment, or something went really haywire, there is some guarantee that the federal govern-

ment stands behind it. However, a very interesting feature of this is that it has been self-financing. They have built up reserves over the last few years. With unemployment increasing, however, the reserves are now being reduced. The German employers feel much happier with this type of model than they would with a normal federal bureaucracy because they have a direct line in. The German trade unions are very satisfied because their representatives are on the board making policy and government is involved on a one-third basis. The institute must also operate within broad economic and social policies set by the German government. In other words, it cannot move out on manpower policies and programs which would go contrary to the basic financial, fiscal and economic policies of government. It, in turn, has its branches throughout the country, where again the local branch office is run by locally elected representatives of employers, employees and the general public.

Senator Neiman: What is the extent of the powers of the institute? Does it only set labour policy, or does it define and administer it to industry, telling industry how it will manage its own labour?

Mr. Baetz: It does everything that Unemployment Insurance in this country does and everything that Manpower here does, in addition to a few other activities. For example, in Germany it is against the law to have union hall hiring as we have here. So it places everyone in the country. Private manpower organizations are also not allowed.

Senator Croll: That is, unemployment bureaux?

Mr. Baetz: Commercial employment bureaux. We visited the office in Frankfurt, where they place the professionals. Again, because we did not believe it, we were shown that they were auditioning opera singers for placement. So this is their professional wing. The Swedes have something quite similar. The system has prestige and no stigma and constitutes the employment organization for the country. If a person has a problem with respect to career or placement, he can go there and there is no stigma at all attached to it. They have also taken over, as we have indicated in our brief, all the vocational and career counselling services in the country. They say that vocational and career counselling, unlike in this country, is not a part of education. This group is in a better position to counsel people about jobs, future careers and anticipated labour opportunities than are, for instance, the teachers. We recommend in our brief that you consider this question very carefully. In Canada we declare that vocational counselling is part of education. Why? Because we have said it is, but does it make sense? It is just a question of how we look at it.

Senator Carter: Is it this organization which allocates the handicapped to employers?

Mr. Baetz: It was a German federal law that directed that 6 per cent of the employees must be handicapped, but they carry it through.

Senator Carter: Do they determine to which firms the handicapped are referred?

Mr. Baetz: Yes.

The Chairman: You raised the point that in the allocation of the handicapped the employer could establish that he should not take them.

Mr. Baetz: Yes.

The Chairman: Is there a burden of proof on the employer, or does the company simply have to make the point that it does not want them?

Mr. Baetz: I am not sure.

The Chairman: Do you happen to know what becomes of the DM 100? Does that go into the general unemployment insurance fund or a special fund?

Mr. Baetz: It goes into a fund to administer the program for the handicapped.

Senator Croll: The handicapped would not draw unemployment insurance in the normal manner, but in a different way?

Mr. Baetz: He is a member of the labour force and if unemployed receives his unemployment insurance.

Senator Croll: What is the DM100 for?

Mr. Baetz: That is for the administration of the over-all fund.

Senator Sparrow: That is a penalty for not employing the handicapped?

Mr. Baetz: Yes.

Senator Sparrow: You mentioned that the law provides for 6 per cent.

Mr. Baetz: Yes.

Senator Sparrow: So they do not necessarily have to contribute 6 per cent of the labour expenditures?

Mr. Baetz: No, it is a very minimal amount. I do not know how they arrived at the DM100.

Senator Sparrow: So it is a voluntary payment on the part of the employer?

Mr. Baetz: It is not voluntary; if he does not employ the person he must pay the DM100.

Senator Sparrow: But it is a minimal amount?

Mr. Baetz: Yes.

The Chairman: Is it working?

Mr. Baetz: It has worked extremely well. We asked the representatives of the German Employers' Association what they thought about it, especially the compulsory aspect, because one of us had said we suspected that in Canada employers would revolt at the idea of compulsory quotas. The director of the German Employers' Association said that if all employers were subject to this there would be no complaints. He also said that the employers have found that many of these handicapped, who had previously been regarded as being unemployable, are better producers than some of the others. For instance, the mentally retarded are much more productive on an assembly line on a routine, rote kind of process than are others. The blind in some cases, because of the sensitivities they have in feel, can do a better job in certain positions. After recovering from the first shock of having to take these handicapped workers in, the employers now find that it is to the advantage of all.

The Chairman: Would an organization such as your council be required to take this proportion?

Mr. Baetz: I am not sure.

The Chairman: And would the government be required to take that proportion?

Mr. Baetz: Government is, yes.

Senator Carter: You described their policy as "co-determination"; just what does that involve?

Mr. Baetz: The policy of co-determination operates in the coal, iron and steel industry. It is co-determination of company policy and programming. That has nothing to do with government, but is in the private enterprise field, in which the employees elect 10 representatives to the board of governors and in which the shareholders, or the owners, elect 10 representatives to the board of directors of a company. They in turn elect a neutral chairman. We met for a long time with the board of directors of Mannesmann-Rohren Steel Tubing Co. They have a plant in Sault Ste. Marie. They do not practise co-determination. I asked what happens when you have to make a company decision as to whether you are going to put a plant in here or expand, does labour always end up with 10 and management with 10, and you have to split and have the neutral chairman make the decision? They said that surprisingly little of that happens.

Senator Carter: There is no state or constitutional problem there. Here, if we had to decide whether to put a refinery in Sarnia or in Alberta, we would have a constitutional problem. Does that sort of thing arise out there?

Senator Croll: Hardly constitutional. Political.

The Chairman: I do not know whether the witness can answer that question.

Senator Carter: There is that similarity. Germany is divided into states.

Mr. Baetz: Yes, much as we are.

Senator Carter: I wondered how they resolved that type of problem.

Senator Prowse: I remember having discussions about that a long time ago. I had read a book by Beardsley Ruml, which came out just after the war. He was adviser to Roosevelt. He suggested the day would come when boards of directors would have to be made up of representatives of suppliers of raw materials, management or capital—management and shareholders now provide the whole thing—labour, and the consumers of the finished products.

I remember having discussions at that time—it was in 1945—with people from the labour unions. I have had similar discussions since. The moment I suggest they should have representation on the boards of directors, they think I am completely ready for the little white men to come and take me away. I do not think there is any way in the world that we could sell Canadian unions on the matter. I agree with you. I think it would be a wonderful thing if we could do that. From a practical point of view, any government which tries to do that would find themselves in as bad shape as anyone except the Conservatives in Alberta today.

Mr. Baetz: I am inclined to agree with your pessimism about the practicality of introducing co-determination at this time in the Canadian industrial or commercial field. Certainly, the Germans had little to say about the introduction of the concepts, because the British occupational

authority said "It is going to be." It was written into the constitution of Germany that these big iron, steel and coal companies would operate in that way. It is only because of the success of these industries in Germany that this idea has now expanded to all employers having 2,000 employees or more. Sweden has been moving in this direction. I agree with you, sir, that we will not see it happen here tomorrow morning, but it is the kind of thing that we as Canadians should be aware is happening elsewhere. We should look at it.

Senator Croll: Before I get into the questioning, this is my first opportunity to thank Mr. Baetz for all the help he gave the people on welfare. Time and time again he took the opportunity to tell the people they were "off beam" when they talked about the "lazy bums" on welfare. Ministers and the people have come to agree. I want also to thank Mr. Baetz for all the effort he has put in on behalf of the guaranteed income. He is entitled to a great deal of credit. He has been at it morning, noon and night, and has made a great contribution to the Canadian scene.

Senator Carter: Hear, hear.

Senator Croll: The purpose of more manpower was less welfare. How did we do? We have been in that business now for four or five years, from the Manpower point of view, with full force. We have been with welfare for a great number of years. How have we done, in your view, over all? I do not think Mr. Collins thinks we have done very well.

Mr. Baetz: I do not think we have done very well. The thing that bothers us a little is that if the general public were to take at face value some of the reports issued by the public information people of the Department of Manpower, DREE and a few others, they could conclude that we had done exceedingly well and there was no problem left. But, of course, there is the statement that there are some 800,000 unemployed in Canada.

Senator Croll: Where have all those welfare people gone? They have gone off the welfare lists. The lists have gone down. Other lists have increased. But where have those people gone?

Mr. Baetz: They came down temporarily. Some went to LIP and others to OFY. Some have gone into the market economy. Some have gone to unemployment insurance. Perhaps that is what you are after.

Senator Croll: That is what I am after. LIP and the others are temporary. We are getting back to the statement you made, that the eight weeks were the lowest requirement in the whole world. You know what has happened, as well as I do. We all know what has happened. How far has that gone to reduce the welfare role?

Mr. Baetz: That has no doubt reduced the welfare role a little, somewhat; but, frankly, I think it is a crude and very expensive way, and bad social policy, to try to reduce the welfare caseload primarily by a very small "1" liberal unemployment insurance scheme.

If you liberalize your unemployment insurance program, what happens is that many others, who would never pass the needs test, who have far too much income, get into the act. They are eligible for it. I am not saying they are rip-offs. They get into the act, and it is a very expensive way of providing help for your ex-welfare cases. It is a very expensive way.

Frankly, we have been complaining about the \$2 billion bill for unemployment insurance, but I would remind everyone here that it was the bill when we had high employment, when we had a buoyant economy. That will not be anything compared to what the bill will be in one or two years' time if our present recession continues.

I guess that is why you asked the question, because you know my views on this matter. We should take another good hard look at the unemployment problem. It was well intentioned, but we tried to do too many things for too many people. We have to bring it back to serving primarily the bona fide members of the labour force. We need a good unemployment insurance program, but the way it is developing now, it has opened the doors for all kinds of people who do not need it. You cannot say that they are ineligible, because, as you know, it is not based on the needs test. It has other eligibility criteria.

The Chairman: I notice in various parts of your brief you endorse the concept of a needs test. Would you recommend applying a needs test to the unemployment insurance program?

Mr. Baetz: No, because unemployment insurance is social insurance. In social insurance, income does not enter into it. As you pointed out, insurance companies do not pay beneficiaries on the basis of their income, but on the basis of contributions and on whether or not they are eligible. I would tighten up some of the eligibility requirements, specifically the eight week eligibility period. I would extend it to at least 26 weeks.

Senator Croll: The eight week period was put in the legislation, originally, to help the students. We are now stuck with it.

Mr. Baetz: As you say, senator, it was put in the legislation primarily to help students, but since that time we have developed new and better programs to help students, an example being Opportunities for Youth. What students are helped by this eight week provision? We help the smart alecks who come from well-heeled families who know how to rip off the scheme. I think we can find far better ways to help students. I am all for helping students, but not through unemployment insurance. That is not why the fund was set up.

Senator Prowse: You would sooner see people go on welfare if they have not been in the labour force for 26 weeks than go on unemployment insurance?

Mr. Baetz: Those individuals could be helped through a good social assistance program. Personally, I am in favour of the guaranteed income approach. If an individual needs help, by all means help him, but by opening it up for the students, we have also opened it up for the housewives who work eight or ten weeks and then go on unemployment insurance.

Senator Croll: Following on from what Senator Prowse has said, the sister says to the brother, "Give Joe a job for eight weeks and then he can go on unemployment insurance." Even that would be better than going on relief, as Senator Prowse has pointed out. The West German system, as I understand it, does not stop at 52 weeks. If I am not mistaken, it goes well beyond 52 weeks.

Mr. Baetz: That is right.

Senator Croll: Is there greater advantage in extending it beyond 52 weeks than there is in starting at eight weeks? I do not see the difference.

Mr. Baetz: Let us take as an example a man who has been employed for 10 years, who then loses his job and runs into long term problems. Why should that individual be cut off at the end of 52 weeks? Even from an insurance premium point of view, he has contributed for 10 years and all of a sudden he is cut off at the end of 52 weeks. I would be much more in favour of extending the benefit period beyond 52 weeks and increasing the period required in the labour force upwards from eight weeks.

Senator Croll: If we are talking about a man who has been in the field for a long time, he has something else, whereas a new man, or even a student, probably has no resources whatsoever. Perhaps you read the editorial in yesterday's *Globe and Mail*.

Mr. Baetz: I did.

Senator Croll: That editorial referred to our unemployment program as a welfare system. Even some ministers have from time to time called it a welfare system.

The Chairman: For the record, Senator Croll, perhaps you could give us a brief outline of that editorial.

Senator Croll: The editorial was to the effect that the unemployment insurance program was a welfare system. I thought everyone present was smart enough to read the *Globe and Mail*. The *Winnipeg Free Press* is a loss.

Mr. Baetz: In many ways it is worse than a welfare system. It is more inequitable than a welfare system, because the welfare system bases assistance on need, whereas unemployment insurance does not, and should not. I would not call it a welfare system.

Senator Croll: Let me give you another problem. Since we became a country, which is over 100 years ago, our tradition has been that once introduced a social measure can never be done away with. It can be varied or changed in some ways, but it cannot be cut off or reduced, or done away with.

Mr. Baetz: You could move something else in as you take something away.

Senator Croll: But that is not quite what you said. I know you meant that. Once we do that, we have to have something to replace it. The unemployment insurance program can be replaced by the guaranteed income. There are some measures which you are not going to remove. They are there, and they are there for ever and a day. Old age security, for example, can be paid out in different ways, but it will always be old age security, and the same applies to family allowances and unemployment insurance. Nothing you can do can change those. The country will not stand for it.

The Chairman: Perhaps you should read newspapers other than the *Globe and Mail*, Senator Croll. Perhaps you have been reading the *Globe and Mail* too much.

Senator Croll: You may contain all these programs under one head, but to do away with them, or even to replace them, would be difficult.

Mr. Baetz: Certainly, replacing a program is far easier than doing away with it. Atlantic fishermen now receive benefits through the unemployment insurance program,

and I find it interesting that a good many members of Parliament who a year and a half or two years ago were very much against the new unemployment insurance program as being too liberal, with a small "I", have suddenly become rather reluctant to talk about it. The reason is that many of their constituents are benefiting under the program. We need to help fishermen, but the unemployment insurance program is a very poor way of doing it.

Senator Croll: You are stepping on some toes. Sitting alongside of me is the man who induced us to include fishermen. I was on the committee. He induced me to bring in a recommendation and, to everyone's amazement, we got it passed. I think he was right at the time.

Mr. Baetz: At the time it was the best way of doing it, but there are better approaches now.

Senator Croll: I do not know what is better than to have a good pay cheque, and that is what they are getting. We have talked about inflation and unemployment. I see unemployment as a plague, whereas I see inflation as an affliction, which is a different thing entirely. Britain and Japan are both faced with a rate of inflation higher than ours and are getting along fairly well, although they are trying to limit it. An unemployment rate of 3 per cent is about 270,000, 300,000. That always was regarded as the number of people who were moving between jobs over any one period of time, and was considered full employment. When we talk about 4 per cent and 5 per cent, we are surely getting a little out of line, are we not? That is what I thought Mr. Collins was trying to say.

Mr. Collins: That is right.

Senator Croll: Although we stretched it a bit at different times. Let me now get down to one other thing, the working poor. The problem is there; everybody down here understands the problem, everybody up there understands the problem. These people are working for minimal wages, some of them less than minimal wages; they have four or five children and they cannot possibly get along, and they can get more money on welfare. In a great number of cases, they are being helped. What do you suggest? We are faced with the problem. If we subsidize them, somebody says we are subsidizing employers who are running away from their responsibility. If you don't do that, you bring them on welfare. What is your suggestion?

Mr. Baetz: I realize that this argument is advanced by some people, that by supplementing, by government transfer payments or in whatever way, the income of the working poor you are really subsidizing the employer. I am not sympathetic to that argument. There are employers in industries that can only pay marginal wages; if the minimum wages are cracked up much higher they will have to go under, they will go out of business, and more jobs are lost. I think we have to supplement the incomes of the working poor. Frankly, I am giving up some hope on the minimum wage. As a matter of fact, in Germany there is no minimum wage legislation at all. In many countries of the world there is no minimum wage legislation, because it does not work in the long haul, anyway. It has not worked in our country. As soon as the minimum wage goes up, all the wages go up.

Senator Croll: In Britain they have a minimum wage.

Mr. Baetz: Accordingly, the minimum wage is always so far behind the others. Minimum wages, certainly at the present level in this country, do not help anybody, except

an individual, and a man and, one might say, half a wife. Certainly they are of no help to anybody with a child. How do we supplement the income of the working poor? We could, and maybe should, take another look at even more substantial family allowance programs, because that is when the minimum wage becomes inadequate, when there are children. That would be one possibility. The negative income tax approach would certainly do it for everybody. It is a very crucial social and economic question in this country. It is concerned with manpower here, because we are talking here about work incentive, and, as you have just pointed out, many of these people who are today the working poor would be financially better off if they were on welfare; they really would.

Senator Croll: There is one argument you have left out, and we might as well have them all here. In paying these people a subsidy, or whatever you call it, we call on the general treasury, which will help redistribution in this country, which has fallen behind. It has not changed in almost twenty years. That is one form of getting some redistribution, because it will have to come out of the general treasury in order to help these people, which is a little different from coming out particular taxation rather than general taxation. Outside of that, you can think of no other way that we can deal with the working poor for the time being?

Mr. Baetz: I referred to two or three different ways. I personally am very disappointed at the likely outcome of the federal-provincial review of social security; I think it will be pretty well a "bust." Certainly they have already said that they are not going to help by supplementing the incomes of the working poor. This is becoming more and more apparent. This is why we have referred to it in our brief. We are a little concerned that there is a growing feeling here that really it is less welfare and more "workfare," that it is through LEAP and some of these other programs, which provide employment opportunities that we can help a lot of the welfare case load, the working poor and so on. Maybe we can help somewhat there, but don't put all your eggs in that basket. With the best of intentions, it could not develop fast enough. It will take a long time to develop those programs. Alongside those work opportunity programs we still need some transfer payment programs.

Senator Croll: A year ago the City of Toronto set aside \$1 million to help the working poor. They said, "We have got 30,000 working poor in this city who are to apply." They did not get enough people into the office even to dirty the rug, let alone wear it out. These working poor would not be found dead in the welfare office, nor would they be found alive in the welfare office.

Mr. Baetz: That is it, exactly.

Senator Croll: Is it that bad?

Mr. Baetz: Exactly. Toronto is not the first example of this. British Columbia tried this. Barrett and Levi said, "If the working poor need supplements, come down to the welfare office and we will give you some." It meant "going on welfare" and they did not touch it. The last thing in the world they want to do is to get money from welfare. That is why they are working. It has a stigma, and it is not the answer.

Senator Croll: You say that is not the answer. The British do it in a somewhat different way. If we do it through their job it is acceptable.

Mr. Baetz: It is more acceptable. You can also do it through the tax system, with tax credits.

Senator Croll: That is the other system.

Mr. Baetz: As Ontario in their new budget has just announced.

Senator Croll: The Americans are also doing it through their new budget; they are doing it through the tax credit system, too.

Mr. Baetz: You cannot achieve the purpose by simply raising the basic exemptions high enough for everybody in the population to a point where the working poor then pay no taxes at all, because in some instances their income still is not high enough to help that.

Senator Croll: It is \$8,000 in Ontario, which is pretty decent.

Mr. Baetz: It is getting there, that is, to your poverty line.

Senator Croll: I am glad you have come before the committee. That is all I can say.

Mr. Collins: May I just add a comment?

Senator Croll: I have one more question for you. I made a note that you said the windfall of inflation has gone to the non-poor. Can you give an example?

Mr. Collins: Government revenues before indexing increased at a more than proportionate rate, because people moved up into higher and higher income tax brackets. Governments react in two ways to that: they increase expenditures or they decide to tinker with the tax structure and lower tax rates.

Senator Croll: They did both here.

Mr. Collins: They did both. Our point on lowering the tax rate was that you cannot lower taxes for people who do not pay taxes. There is only one way to do it, and that is by a negative tax. That is what was meant.

Senator Croll: You were going to make a comment.

Mr. Collins: It was on the question of three per cent unemployment. Is it realistic to aim for something lower than that or not? You mentioned that that is perhaps as low as you can go, given the fact that people are always moving between jobs and there is always a certain amount of so-called frictional employment. Given the past relationships between the national rate of unemployment and some of the regional or provincial rates, a three per cent national rate would imply in Newfoundland, for example, eight or nine per cent unemployment. If you say three per cent is as low as we can go, by implication we are also saying that eight or nine per cent in Newfoundland is as low as we can go, and we reject that.

Senator Croll: When I say three per cent I do not say nine per cent in Newfoundland. I always think, now that Senator Carter is here, that they are part of Canada, and I think of three per cent. I was in Alberta last week; I looked at the newspaper and I never saw so many pages of advertisements in the *Edmonton Journal* seeking people for jobs. Now there is no unemployment there at all. Everyone told me that it was the hardest thing in the world to find anyone who was unemployed. I do not believe that is true of Saskatchewan.

Senator Sparrow: Is 3 per cent unemployment in Newfoundland full employment then? I do not know what that would mean in Saskatchewan. You keep going back to the idea that when we are talking 3 per cent we are referring to 3 per cent average in Canada, which is not necessarily so.

Mr. Collins: I am saying that if we could get the Newfoundland employment rate down closer to 3 per cent and similarly with other regions suffering from excessive unemployment rates, we could do much better than 3 per cent nationally, because the unemployment rate in Ontario and the West would be probably 1½ per cent to 2 per cent.

Senator Sparrow: That is not necessarily true. I would think you could develop a program for full employment in Newfoundland and it would not necessarily affect the Province of Saskatchewan. At times in Saskatchewan we have had 8 per cent unemployment which was the highest unemployment rate in the country, except in Newfoundland. The situation now is such in the province that it is below 3 per cent, 2.7 per cent, or whatever the case may be. However, that is due to the economic situation in that particular region of the country.

Mr. Collins: I am not suggesting that a change in the Newfoundland employment rate will affect the Saskatchewan rate. I am saying that it will affect the national average.

Senator Sparrow: Yes, but very slightly.

Mr. Collins: Very slightly, but if you add up Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick, all the lagging regions—

Senator Sparrow: But your statement with which I wish to take issue is that it is based on 3 per cent, so if we get down even to 3 per cent on the national average we will always have 8 per cent in Newfoundland. I say that is not true.

Mr. Collins: No; I say, based on the historical relationships between the national and provincial unemployment rates, that appears to be the situation. I do not say that that should be the goal.

Senator Croll: What do you see in the community employment enterprise?

The Chairman: It is the community employment strategy.

Senator Croll: Yes, what do you see in it? Everyone understands what it is, of course, but what do you see in it?

Mr. Baetz: Again we think the idea is sound. Why not? However, we should be careful that it is not a unilateral approach by the high and mighty federal government into the local community, establishing a project and at certain times turning it on or off. These types of projects should be planned and developed more locally than they have been in the past. I suspect that they have that in mind.

Senator Croll: That is true.

Mr. Baetz: However, again as I said earlier, we must recognize the limitations of these programs. None of them will provide a panacea for all the ills of the low income group, the unemployed and so forth. It will help, but it will not do away with the need for some other transfer payment system to still operate.

The Chairman: Years ago when I was involved with the Children's Aid Society in Winnipeg they developed the Saint Paul plan. It was similar to a community employment strategy in which, rather than having all the agencies working at cross purposes, they were brought together on a disadvantaged family. It was thought that this would solve the problems.

Mr. Baetz: This was the multi-problem family program.

The Chairman: Yes, it was called the Saint Paul plan in Winnipeg, because it had come up from Saint Paul. It did disappear and I wonder if you can recall what happened, because I would imagine the experience there might be applicable to the community employment strategy.

Mr. Baetz: It was most highly developed in Winnipeg. Some sociologist suddenly discovered that a relatively few families in the country really were the bigger consumers of social services from many departments. It was therefore known as the multi-problem family program. Certainly a few families had many, many problems and were going to too many different organizations, such as children's aid, family service, manpower and everything else. So the idea was to concentrate and bring together in one geographical location, to begin with, various services provided to the individual families so that they did not have to go all over the community for those services. That approach failed in Winnipeg. It has been suggested again and I suspect it may fail again, because what is really needed is an integrated approach. This was similar to a shopping centre, which contains Eaton's, Simpson's and Loblaw's, but they are still all independent bodies, selling or giving something. These families need a single agency to take care of many of their needs. In other words, an integrated case approach. The same thing happens in the manpower field. At present if a man is unemployed and requires cash benefits he goes to the Unemployment Insurance office and for placement to the manpower department. For other needs he goes to other places. So we say at least bring the manpower and the unemployment insurance programs together and integrate them that far. However, integration usually does not work, because empires have been built up by social agencies, departments and so forth and they will defend themselves. Professionals also have their own strong associations. Every time it is desired to get co-operation from doctors they say "Wonderful, but the doctor will be the chairman of the team."

Senator Croll: The Americans say half their money went to the poor and the other half to the social workers and they did not know who got the most. However, you did not mention the strength of that community undertaking. Tell me if I am correct: formerly a municipality took over certain work and quickly ran out of money. In this case the seed money comes from the federal government. The municipality declares it has many unemployed, an undertaking on hand, but no funds. The federal government now walks into the field, which it never did before, and between the three levels they proceed with a project. That is a different concept than we have ever had before. Never before has the federal government come in. They have the money and these communities have unemployment, so the possibility in that seems to me to be an entirely new concept that could very well look after many unemployed or those on welfare. I had great hopes for it and I wonder why you do not share that view?

Mr. Baetz: I think it is progress, it really is. I see two possible drawbacks: One is that the federal government is

in the scene, which is fine if that is what is required to get the project going. However, as we have indicated in the brief, it would be better still if the federal government were to give the municipality or provincial government the funds, with broad guidelines, saying certain things must be done within the community. We do not need the federal government in there with both feet. The other point in connection with these employment creation programs—we ran through it a year and a half ago—is that when the economy becomes somewhat more buoyant and out of a recession and employers in town are saying they are having difficulty getting sales girls, or workers for their laundries and they know it is because they are down at the community employment program, where they find the work more satisfying. Then the pressure is exerted to cut back on the program. This new planning, thrust and effort is fine, but in my opinion we should also be aware of the hazards involved in it.

The Chairman: Item 97 of your report on this subject reads as follows:

On the basis of the fragmented evidence available on the community employment strategy itself, and Canada's previous record in this regard, we conclude reluctantly that what is evolving is substantially a variation on the "work for welfare" theme. The danger that the disadvantaged will be recruited either to provide cheap labour to private industry or to perform unproductive jobs on the public payroll is very real.

Would you care to comment on that?

Mr. Baetz: That is our concern.

Senator Croll: That is a hangover from the depression days.

Mr. Baetz: It is a hangover from the depression. Perhaps we are living in a new age. We think we are making progress and that people are far more enlightened, and so forth, and suddenly you run into a mayor who says things which remind you of 50 years ago.

The Chairman: He probably reads the *Globe and Mail*.

Senator Neiman: In the German system, is their labour legislation federally oriented and administered? Do they have the same divisions of jurisdictions as we do?

Mr. Baetz: They have substantially the same divisions as we do. They have the same federal-provincial laender. They have a lot of the same problems. This is where these non-governmental, this institution thing, cuts across the line and is accepted by most people.

Senator Neiman: This is a fascinating and interesting brief. What we have been talking about today goes far beyond the parameters of the Department of Manpower and Immigration. We are really talking about the Constitution of Canada, the way we are setting it up, the way we are making it work or failing to make it work today. There is nothing that Manpower in itself can do to correct that. When we are talking about the trade-off between inflation and unemployment, that is a decision made in the first instance by the Minister of Finance and government and is dictated by pressures from the provinces that we will be experiencing today. As you said a few moments ago, it is a question of empires being built within departments and governments, and as between provinces.

It is very difficult for us to resolve these major problems, this over-view which you are talking about. It seems to me

that your philosophy is one way of getting at it, in that to achieve what you want, as I understand it, it is almost as if the federal government would become the banker of the nation, to hand out the money, and allow the inferior jurisdictions actually to dispense it. You, in effect, recommend that the federal government withdraw except in the very large over-view, or in the general direction of policy.

Mr. Baetz: I would have a certain tendency in that direction, although I could very easily be misread. I think the federal government is really quite limited when it moves into providing directly these kind of personal social services. The community employment program is one. I agree that very often it requires the federal presence, initiative or thrust to get the communities moving in this way. Having done that, in the small projects, it should not be front stage and centre, it should be back from the community mechanisms that are there, and it should play a secondary role.

With regard to your other observation, your committee is restricted to a rather narrow approach to the manpower question. As we have tried to say in our brief, and as I would like to reiterate and emphasize, our hope is that you as a Senate committee would take a broader approach. We think you are the appropriate organization to do that. If you do not do that, who will? There are few organizations in this country who do not see themselves always hemmed in by federal and provincial restrictions. Our organization can talk to the provinces, because they are members of our organization. The Senate is another body in this country which can get out beyond these narrow departmental roles. If you do not do it yourself, you should suggest that someone else do it.

That is why we had such a hard time finishing our brief. Manpower is such a broad question. The danger is that if you or we confine ourselves only to some of the various aspects of the program as it is now delivered, we are really playing only with it and we are not getting into the meat of the subject. That is why we have gone into this. We would hope that either you—or someone else whom you would urge—would look into the structures which are needed to deliver the services better, where they are crimping the style of the thing. The 52-week limitation is one. We think the Senate should be doing that. We challenge you to do it.

Senator Neiman: I do not disagree with your view. This is part of what we could do and should be able to do.

Senator Carter: Earlier in your presentation, Mr. Baetz, you said you were skeptical of Manpower statistics. You went on to mention a few items, such as the cumulative effect, the cost benefit, the placement statistics, the Outreach Program. You said the cost of training worked out to \$1,000 per person. Could you give us some more specific statistics? I would like to be able to go into this a little further. Are the statistics taken from departmental reports, from Statistics Canada, for instance?

Mr. Collins: We are not questioning any of the operational statistics of the Department of Manpower or any other department. We have concentrated on the cost-benefit techniques. That is the main tool of evaluation which the department uses, and we have to attack it head on. I do not want to get into the technicalities too much. That tool cannot really come to grips with what we feel is the ultimate evaluation question. That is, for example what

would have happened to a trainee without being trained. There is no way of telling what would have happened if he had not gone through the program. The employment conditions may improve. You may be picking up seasonal workers who at the beginning of the training period were out of a job. They go through the training, and at the end they go back to their original type of employment. On a cost-benefit analysis, that gets picked up as a favourable conclusion. At the beginning he was unemployed and at the end he was employed. We do not think that is a realistic way to look at the incremental impact of the programs.

We have also made a comment that if you add up all the job creation claims of all the departments—not just DREE—the whole public effort of creating jobs, the results claimed for those programs do not jive with what is happening in terms of total statistics.

The DREE program claims to have created a total of over 100,000 jobs, 20,000 to 25,000 of which were in the manufacturing sector in the Atlantic provinces alone. If you look at the statistics of the Atlantic provinces in terms of manufacturing employment, although it has gone up, it has not gone up anywhere near the extent of that kind of figure. The simple question we ask is, where are those jobs?

Senator Carter: Can you give us those figures you have talked about? If you do not have them here, you can mail them to us.

The Chairman: They are largely contained in the brief.

Senator Carter: Not all of them, Mr. Chairman.

Mr. Collins: The figures for 1973 are about the latest available. From 1970 to 1973, manufacturing employment in the Atlantic provinces increased from about 96,000 to 103,000, an increase of 7,000. Yet, DREE claims to have created 20,000 to 25,000 manufacturing jobs in the Atlantic provinces. We are simply asking where those jobs are. I should add, the rate of expansion in manufacturing employment prior to 1970 was higher than the rate of expansion in manufacturing employment subsequent to 1970.

Senator Sparrow: Do you have the answer to the question as to where those jobs are? Did you look at this sector to determine whether technology had taken away those jobs?

Mr. Collins: My answer is that in the Atlantic region DREE largely supports activities that would have gone there in any event. The increase is just part of the natural process that would have gone on in any event.

Senator Sparrow: But had DREE not sponsored these programs in the Atlantic region, would there be fewer jobs?

Mr. Collins: There would have been fewer jobs, yes. I am not saying that DREE has not created any jobs. I am simply saying that there is a tremendous difference between the number of jobs DREE claims to have created and what the figures actually show.

Senator Sparrow: In other words, the cost per job created is much higher than is indicated in DREE'S figures?

Mr. Collins: Yes.

Senator Carter: In your brief you refer to a survey which indicated that people who got jobs after retraining

would have gotten those jobs even if they had not been retrained.

Mr. Collins: The source for that, senator, is an evaluation study conducted by P. M. Associates in relation to the comprehensive development plans covering most areas of socio-economic policies in the province of Prince Edward Island. In 1973, a series of eight studies were commissioned covering manpower, agriculture, fisheries, etc. by the Department of Development of Prince Edward Island in cooperation with the Department of Regional and Economic Expansion. That figure is taken from one of the eight consulting studies performed. It is based on a questionnaire survey mailed to participants who had gone through the program.

Senator Carter: In another part of your brief you question our worship of the growth in GNP, and then you go on to admit that we have to have some growth to take care of the situation. That leaves me somewhat up in the air as to just what your view on growth is. Should we aim at no growth, at 5 per cent growth, or what do you say should be our aim?

Mr. Collins: It depends on how you define "growth," partly.

Senator Carter: Let us take the term as you use it in your brief.

Mr. Baetz: I have had occasion to argue this point with some of the "no growth" people. Quite frankly, I cannot buy the "no growth" concept. Growth in itself is not a bad thing at all. I think we need growth, but where I always have difficulty is as to how growth should be measured. We seem to measure it in terms of what is quantifiable and in terms of income, and so forth. We are less inclined to look at some of the disadvantages of growth, such as pollution, congestion and overwork. We should try to develop social indicators as well as economic indicators to measure growth. As soon as we get into a no growth situation, everyone is worried.

Senator Carter: You spoke about the work that housewives do not being included in measuring the GNP. What you are really saying, I take it, is that if we are going to measure growth, we should measure not only the quantity, but the quality.

Mr. Baetz: Quality is certainly one of the things.

Mr. Collins: The classic example in the case of housewives is the bachelor who marries his maid. As soon as he does that, he diminishes the GNP.

Mr. Baetz: When we talk about people working less today, let us not be sure that we are working that much less. With 34 per cent of the labour force being women, there is a lot of work going on at night. Perhaps people are working far longer hours today than they were, say, 25 years ago.

Senator Croll: You are quite right.

Senator Carter: Are you saying that volunteer work, for example, should be included in measuring the GNP?

Mr. Baetz: It certainly is valuable.

Senator Carter: You spoke about 26 weeks being the period an individual should be in the labour force before becoming eligible for unemployment insurance benefits. Would that not cut out seasonal workers?

Mr. Baetz: It could, but, again, we need to find more and better ways to help the seasonal workers than through the unemployment insurance program.

Senator Croll: We are always trying to find better ways to do things, but we do not seem to succeed. There are a lot of people thinking about this, but we just do not seem to find better ways.

Senator Neiman: I think the negative income tax concept is one way of handling this situation. To me, it is the only logical solution to the multitude of plans and programs we have to deal with today.

Mr. Baetz: Precisely.

Senator Prowse: It might get to the stage where a person gets \$15,000 for two months' work and then goes on unemployment insurance for the rest of the year.

Senator Neiman: That is right. Dealing with the fishermen on the West Coast, for example, at the end of the season they would go on unemployment insurance and then they would strike for higher wages. The cycle never seems to end.

Senator Prowse: The ones you can get complaints about are always the guys who live somewhere else, never the ones who live right near where you are. This is what bothers me.

Mr. Baetz: I was about to end with a very heavy comment.

Senator Croll: Go ahead.

Mr. Baetz: It was simply to say that about three years ago this country had a choice in its income security program. Were we going to go for a very, very expanded unemployment insurance program, very liberal and very generous, very enlightened in the minds of some people, or were we going to go for a guaranteed income scheme through negative income tax, or whatever? The unemployment insurance program won out. I think we have lived to

regret the day, and we will regret it a great deal more in the years ahead. I know that once it is there it will be very hard to remove, but maybe we can shift it.

Senator Croll: While we are speaking among ourselves, may I say that you know who made the recommendation for a guaranteed income at that time. Unemployment insurance won because it was a quicker acting sort of thing; that was the reason.

Senator Neiman: It was more expedient.

Senator Croll: They looked upon it as the basis, and threw away the rest of them altogether. It was a mistake, of course.

The Chairman: I don't know whether Mr. Baetz has a rebuttal to that?

Mr. Baetz: No. The senator and I agree on most things.

The Chairman: Honourable senators, page 32 of the brief before us states:

Information flows must then be opened up—in particular, the code system or jargon used by technocrats must be humanized and made understandable to all.

I have noticed in my experience that the code system or jargon is probably worse at the welfare level, and I congratulate Mr. Baetz and Mr. Collins on making their submission so eminently understandable. For myself, and I am sure for the senators, it was a delightful morning, and we thank you.

Mr. Baetz: We appreciate being here.

The Chairman: Honourable Senators, I have in my hand some replies from the President of the Treasury Board to some questions that were put to him at our meetings on supplementary estimates (D), which with your agreement I would like to table.

Hon. Senators: Agreed.

The committee adjourned.

APPENDIX

Submission to
The Standing Senate Committee
on National Finance
(Manpower Programs)
by the
Canadian Council on Social Development

Ottawa, April 10, 1975.

Submission to the Standing Senate Committee
on National Finance

by the
Canadian Council on Social Development

INTRODUCTION

1. We welcome the invitation from the Standing Senate Committee on National Finance to submit this brief on manpower programs. Labour economists, and probably others, view the labourer primarily as a tool of production along with land and capital in the creation of wealth. However, we perceive the individual's participation in the labour force as a major avenue towards achieving his or her independence, self-esteem, and self-realization which is a major goal of social development. Therefore, although the goals of economic development are frequently compatible with those of social development and can be mutually re-inforcing they are nevertheless distinct.

2. As a Council on social development we are concerned with the well-being of all Canadians and with the achievement of an equitable society. It has been observed that equitable treatment requires equal help to equals and unequal help to unequals - with obviously a positive bias in favour of the most vulnerable. This leads us to argue for the establishment of equity

criteria along with economic and efficiency criteria in the manpower programs as in others.

3. We have organized this brief around four major sections. The first deals with some of the assumptions and priorities which have influenced the development of manpower policy programs in Canada over the post-war period and particularly in the last decade. Second, we have examined some of the principles which should underlie a broad human development strategy in which manpower and other programs should fit. Third, we have examined in somewhat more detail manpower operations in Canada especially in terms of their consistency with goals of equity. Finally, we have commented on some of the observations made during a recent study tour on manpower in Germany, sponsored by the Canadian Council on Social Development, and have suggested a number of ways in which the highly successful German experience might prove useful in Canada.

I. The Outmoded Premises of Manpower Policy in Canada

The Adequacy of Other Policies

4. If Canadians are to find enough meaningful employment opportunities, it is obvious that policies and programs in addition to manpower must be developed with this common objective. The most important of these is the prudent use of aggregate policies, especially fiscal and monetary measures. In the post-war period up to the formation of the Department of Manpower and Immigration in 1966, the Canadian record in this regard was mixed. While the unemployment rate was generally higher than many European countries, in most years it was not drastically above the 3% rate indicated by the Economic Council in 1964 as representing full employment. The major exception was the 1958-62 period when the annual rate of unemployment fluctuated in the 6-7% range. By 1966, however, the unemployment rate had fallen to 3.6%. This was interpreted as representing the results of "fine-tuning" the economy in the best Keynesian tradition. Indeed, the science of economic management was seen to be perfected to such a degree that manpower policy could be confidently formulated on a virtual full-employment assumption.

5. A second major cornerstone of successful manpower policy is a regional development policy. In most countries including Canada, even when the national rate of unemployment is near full-employment, there usually are unacceptably high rates of unemployment in some regions. In 1966, for example, the unemployment rate in the Atlantic region was 6.4% despite a 3.6% national rate. Success in national policy then is no guarantee of success regionally, so that a more explicit regional policy and effort is required. Our Council welcomed the formation of the Department of Regional Economic Expansion in 1969 with its emphasis on "growth-centre" development and its objective of bringing jobs to people through

industrial incentives.

6. Subsequent events have been disappointing; original objectives have not been achieved. The national unemployment rate has climbed steadily since 1966 and now is close to the post-war high of 1961 and the pattern of chronic regional unemployment rates remains virtually unchanged. We have some sympathy with departments like Manpower and Immigration and DREE whose efforts have been severely constrained because lack of adequate economic policies over which they had little control resulted in continuing high unemployment during this period. But we have less sympathy for the public relations efforts of these departments. For example, the job creation claims of DREE are incompatible with basic trends in employment and unemployment as published by Statistics Canada for the lagging regions. Moreover, the roll-call of favourable cost-benefit ratios quoted by Manpower officials for their programs constitutes a fundamental credibility gap.

7. What went wrong? The Federal Government has argued that its job creation record is a good one and that the tremendous growth in the Canadian labour force in recent years - associated largely with rising female participation and the maturing of the baby boom - was simply more than any government could accommodate at full employment. Our answer here would simply be that the rate of labour growth was predictable for many years and should have been compensated for in policy determination. Indeed, the Economic Council of Canada in its first annual review in 1964 took such growth into consideration in determining 3% unemployment as a realistic objective for the Canadian economy.

8. We are particularly concerned with the bumbling approach to long-term manpower planning by the Federal Government because the welfare system and especially the people who must use it have been made scapegoats. The crudest line of attack is on the so-called welfare bum - the employable layabout

living off the productive contribution of others. This attack simply hasn't stood up to the test of objective research. A relatively small portion of the social assistance case-load is capable of working under current circumstances. The vast majority are precluded from work through age, physical handicap, or the unavailability of supportive services such as day care facilities. Further the small portion on social assistance who are employable are now confronted by a confiscatory tax rate on employment earnings: payments are reduced in many cases by the full amount of outside earnings. This results not in an unwillingness to work per se, but an unwillingness to work for zero wages after taxes.

9. The unemployment insurance system in Canada is the second major line of attack for those who would argue that the social security system is a source of decline in the work ethic and an important explanation of the paradox of high unemployment and a high volume of job vacancies. Our view is that the current unemployment insurance legislation is a considerable improvement over its predecessor. Nevertheless our fear, expressed when legislation was being considered, now appears to be realized. The legislation's main failing has been its attempt to be too many things to too many people. It has tried to be a social insurance scheme and an income supplementation scheme for those who may have only a transitory attachment to the labour force. The biggest drains on the fund in the latter context are claimants in the 16-24 age bracket and in families where there are pooled incomes. Nevertheless it is overly simplistic to blame the program for all our unemployment problems. A recent study by the Ontario Ministry of Labour¹ has concluded that "the data examined (for Ontario) suggest

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"The Paradox of Unemployment and Job Vacancies: Some Theories Confronted by Data", by M.L. Skolnik and F. Siddiqui, Research Branch, Ontario Ministry of Labour, Dec., 1974.

the Unemployment Insurance and autonomous changes in attitudes toward work may be contributing factors but are not the main causes of the present paradox of vacancies and unemployment". A fundamental reason cited was "the reluctance of employers and social planners to treat labour as a resource to be developed and planned for over a long-term horizon, rather than as if it flowed from a tap to be turned on and off instantaneously in response to immediate economic conditions". We would add that the work aspirations of youth and women particularly have been raised in recent years - by the education system and by the rising incomes of husbands, which often makes it less necessary for women to take "just any job". It is incumbent on government to create conditions which lead not only to increasing job quantity but to increasing job quality. If the only jobs available are routine and unchallenging - as a large proportion of current vacancies are - then filling these with over-educated women and youth would be a charade as far as reducing unemployment is concerned. In the jargon of economists these employees would be "under-employed" - a form of unemployment.

10. Even though we have quoted the Economic Council of Canada's 1964 full employment target, we regard 3% unemployment as an unacceptable policy goal. It is unacceptable by international standards and above all unacceptable by human standards - currently it would imply that approximately 300,000 Canadians would be seeking work in vain. Needless to say, we believe that the Economic Council of Canada's revision of the target in 1969 to 4.5% went in the wrong direction. It accommodated government failure rather than challenged it. In saying that 3% is too high, we are taking due cognizance as well as of the difficulties imposed by the political system we have chosen. With ten provincial jurisdictions, each concerned about maintaining a strong population base, the barriers to inter-provincial mobility are very real. We can understand the

reluctance of the lagging provinces to support a stronger program of inter-provincial movement of people as a panacea for excessive unemployment in certain regions. If manpower, regional development, fiscal and monetary measures were more effective, it would be less necessary.

11. We offer two basic explanations for Canada's poor record in terms of unemployment. Both reasons amount to a policy choice where, among perceived alternatives, the alleviation of unemployment came second. The first choice occurred in the inflation-unemployment trade-off. The second came in industrial policy when capital-intensive rather than labour-intensive activities were emphasized.

12. Canada, relative to other industrialized non-communist countries, has had on the whole higher unemployment rates and lower inflation rates.² The relevant question of course is: could we have had through government action a trade between the two - less unemployment and somewhat more inflation. The consensus of economists is that there is an achievable trade-off at any point of time although the terms of trade can deteriorate as we have seen in the recent period when both unemployment and inflation have been increasing. The concern with inflation at the expense of rising unemployment must be interpreted then as misguided, and indeed callous. It has been argued that this choice has been made in the interests of the less advantaged who suffer more than higher income groups from the effects of inflation. The research evidence is mixed on the question of who suffers most from inflation. In any case, the unfavourable effects of inflation on the poor could be easily removed through a strong income security system which indexed its benefits. The more relevant question of course is: are the disadvantaged hurt more by unemployment than inflation? The evidence

here is unambiguously yes. The poor are the first to be laid off in a period of rising unemployment because of low skills and the ease with which employers can re-hire from the unemployed pool when economic prospects improve.

13. Secondly, Canada opted many decades ago for a capital-intensive rather than a labour-intensive economy. It was in the primary industries - metals, oil and gas, the forest industries, and food - that we possessed the greatest comparative advantage in international trade. We have pursued the line of least resistance in our industrial development by developing these resources for export - and to a large extent allowing foreign-controlled companies to develop them - without encouraging a sufficient integration within Canadian borders of secondary and service industries. We have in a real sense then exported not only materials but potential jobs and the opportunities they provide for the self-fulfillment of Canadians as well. The crucial point is that this distorted developmental process has not happened inadvertently or despite government efforts to turn it around, but has been actively encouraged in policy. Tax and grant systems for industry have been biased in favour of the primary, capital-intensive operation. This psychology has spilled over into our incentive system in the manufacturing sector. The DREE program, for example, is supposedly concerned primarily with job-creation. A recent study³ concluded however that, for the period 1969 to 1972, there were 39 industrial incentive grants in excess of one million dollars and that these accounted for nearly 51 percent of all investment under the DREE program but less than 14 percent of jobs created.⁴ Moreover, "the practice of the department has been to favour heavily the capital-intensive industries - with

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Carlton Dudley, "A Theoretical Financial Analysis of the RDIA Program in Canada, 1969-72", Ph.D. thesis submitted to University of California, Berkeley, 1974.

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¹bid., p. 152.

grant rates more than three times as high as for the non-capital-intensive group".⁵ The results of Canadian industrial policy have left us with a manufacturing sector that is too much a branch-plant extension of American industry, and a service sector that is too much the resting-place of under-employed labour resources, particularly women and youth.

14. We have devoted what may seem an inordinate amount of space here to a consideration of some of the broader policies as they affect employment. However, we feel that any consideration of the effectiveness of manpower policies must be set in this context. The failure of government to create policies which would lead to a sufficient volume of meaningful jobs in recent years has significantly undermined manpower programs however well intentioned they may have been. Manpower cannot be effective without high levels of good quality jobs. If jobs are not readily available, mobility programs will merely spread unemployment around. Similarly, training programs will simply involve a musical chair process whereby a group of unemployed are trained, sent out to seek non-existent jobs only to be replaced in the training programs by another cross-section of the unemployed ranks. This process will amount to a highly selective and sporadic income supplementation vehicle - a goal which could be accomplished by more direct means without raising and then dashing the hopes of trainees.

15. As indicated, it is not only a matter of creating more jobs, but of creating meaningful well-paying jobs. On the question of adequate pay, we find it regrettable that the Federal minimum wage has not been increased more substantially. The Federal Government's priorities regarding the working poor are revealed in the current Federal minimum wage, which would yield an annual income (before any deductions) above the poverty line only for an unattached individual (by either

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ibid, p. 179.

the CCSD or Senate Poverty Committee definition of poverty lines). The current Federal minimum wage is equal to the provincial minimum wage for Newfoundland, the Canadian province with the lowest per capita income. An increase in the Federal minimum wage from \$2.20 to \$2.60 an hour has been announced effective July 23, 1975, but this would still represent an income below the Senate Committee poverty line for a couple with no children.

Priorities within Manpower Policy

16. As with other government programs, manpower activities are directed in varying proportions to the achievement of three broad socio-economic goals: growth, stabilization and equity. The first of these refers to increased production of goods and services in total and in per capita terms. The second refers to the ability to minimize the rate of unemployment and the rate of inflation. The third refers to the distribution of these goods and services, and the income generated in their production, either for individuals or across regions.

17. The pre-eminent goal of public policy in Western industrial countries has been economic growth. The altar at which we have worshipped this god is the measure of the gross national product. This fetish, which Mishan has dubbed "growth mania"⁶, has resulted from the undue influence of short-sighted economists who have encouraged resource allocation to areas where profits are highest. A large part of the problem is definitional of course. Growth and profit should be encouraged where human welfare and betterment are the measuring standards. Unfortunately, the narrow economic criteria have not been expanded along these lines. The gross national product excludes much productive output; for example, the services of housewives and volunteers. Yet it includes as a benefit much production that is really a cost, or "bads and disservices" as Barbara Ward has called them, e.g., teeth-rotting candy or cancer-inducing cigarettes.

18. The role of manpower policy in the growth context is to reduce bottlenecks in the adjustment of labour supply and demand in occupational, industrial

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E.J. Mishan, The Costs of Economic Growth, Penguin Books, 1969, Chapter 1.

and regional terms. Economic growth is accommodated when adjustment to change in labour market conditions is made as quickly as possible so that the flow of production is interrupted in a minimal way. This can be accomplished through effective programs in mobility, training, information, counselling and placement.

19. The "stabilization" case for manpower policy lies in the assistance such policy may give to the achievement of a more acceptable rate of unemployment and price inflation. The relationship between this goal and the growth goal is a close one. For example, if bottlenecks are not removed in the supply of particular types of labour, wages may be bid up because of relative scarcity, and these wages may be transmitted to other types of labour, which although not scarce, may use high wages elsewhere as a bargaining standard. Here then if manpower programs remove the original bottleneck both the growth goal and stabilization goals are served.

In terms of the stabilization goal, there are strong arguments for the use of manpower programs in a countercyclical and counterseasonal fashion. When unemployment is high, the costs of training are low in terms of foregone output because in all probability trainees would not have been employed in any case. Further, allowances paid during training may simply displace other forms of transfers that would have had to be paid anyway. Finally, the political appeal of reducing the unemployment statistics by transferring the unemployed to training programs is compelling.

20. The equity goal relates to the impact that manpower programs have on income distribution among persons and among regions. In the long-run, manpower programs are preferable to income transfer programs in that they attack the sources rather than the symptoms of poverty. Transfers are given and received with considerable reluctance particularly if they are selective rather than universal. In order to bring about significant income redistribution, manpower

programs must themselves discriminate strongly in favour of the poor in order to countervail the cluster of handicaps facing the poor in their attempt to find satisfying work. The poor lack the resources to invest in themselves through education and training. They lack the immediate financial resources to transport themselves when looking for jobs. They suffer from a lack of self-confidence at interviews. They have less access to the media where jobs are advertised. They are not connected to the social grapevine where job possibilities are often made known.

21. The equity goal in manpower policy has clearly been made a poor cousin to the growth and stability goals. In its brief to the Senate Committee on Poverty, the Department of Manpower and Immigration stated that "the department would like to make it clear that its primary role lies in its contribution to economic growth, full employment, and reasonable price stability. Its role with respect to income distribution, while important, is only secondary".⁷ This is further illustrated in ministerial testimony before the House of Commons Standing Committee on Labour, Manpower and Immigration: "The main objective of the Department is to further the economic growth of Canada by endeavouring to ensure that the supply of manpower matches the demand qualitatively, quantitatively and geographically".⁸

22. The department has often preached the duality of its goals. But between economic and social factors it has fallen back on the economic side. It has made this clear in some of its own announcements: "The primary goal of the department is to contribute to the attainment of economic and social goals of Canada by

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Department of Manpower and Immigration, op. cit., p. 373.

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Hon. Allan J. MacEachen, Minister of Manpower and Immigration, Testimony before the House of Commons Standing Committee on Labour, Manpower & Immigration, 28th Parliament, 2nd Session, Minutes of Proceedings and Evidence, Feb. 11 and March 24, 1970, no. 1, p.110.

optimizing the use, quality and mobility of all manpower resources available to the country. Thus the policies and programs of the department are essentially economic in character".⁹ (our underlining). That social criteria are a distant consideration to the department is further revealed in the major tool of analysis, cost/benefit, which is used to evaluate the effectiveness of programs. This approach is a severely limited tool even in economic analysis and virtually useless in coming to grips with social effects of programs. The cost-benefit approach (or benefit-cost for those wanting to stress the positive) flourished in the U.S. along with the introduction of management techniques such as PPBS (program - planning - budgeting systems) with the most notable patron of the art being Robert McNamara in his efforts to streamline the American defence bureaucracy. The tool is a particular darling of the "life is worth quantifying" school. Effects that can't be measured - particularly social ones - are considered only in passing.

23. We have noted an increasing recognition of the equity role in recent statements of the department - some of them made to this Committee. We are particularly concerned that this be carried forward from rhetoric to comprehensive action. There are two key stumbling blocks to this in our mind. First, the enabling legislation of the department will have to be revised. We will comment more specifically in a later section particularly regarding the Adult Occupational Training Act. Secondly, it is difficult to change a mode of thinking or psychology that becomes ingrained in a bureaucracy. Specifically, the tradition of the department is one of serving the needs of employers. This is usually not stated explicitly. But it is implied in the myriad public statements along the lines that the purpose of the department is to adjust supply to

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Department of Manpower and Immigration, op. cit., p. 372.

demand. The possibility that to some extent demand should be adjusted to supply is hardly broached. Let us illustrate with a recent statement by a senior Manpower official when reporting on the results of a new tool of the department - the Canadian Occupational Forecasting Program (COFOR): "We know how many people industry will need by 1980 - whether it will get them is another matter".¹⁰ There are two issues here. First is the question whether the department really knows what labour demand will be by 1980 in terms of the hundreds of occupations covered by its forecasting model. It clearly doesn't. Predicting the total demand for labour is a hazardous exercise let alone its occupational distribution. The model is based on the assumption of a 4% unemployment rate by 1980. Like Samuel Johnson's comment on a divorced lady who re-marries, this represents "the conquest of hope over experience". Secondly, and more germane to our central point, what is revealed again is the fundamental attitude that demand is a given quantity and supply will either be adequate or inadequate.

24. In summary then, the operation of manpower policy has suffered from two prohibitive constraints. First, the "external" environment has not been favourable. The Department of Manpower and Immigration has operated in a period of excessive unemployment resulting from the failure of more general policies to result in a sufficient volume of meaningful, satisfying jobs. But even if external conditions were more favourable, the department would have suffered from misplaced priorities. We believe that equity criteria should have at least an equal footing with growth and stability criteria in the administration of programs. We recognize that constitutional distribution of power in Canada

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The Ottawa Citizen, "Clerical Jobs Fastest Growing Occupations: New Government Analysis", March 4, 1975, p. 11.

limits the role of federal agencies in this regard - particularly the sensitivities of the provinces to any encroachment on their rights in the field of social services. If traditional institutional models are inadequate to meet these objectives, it is high time we invented new ones. The experience in West Germany, also a federal state, could provide some useful directions.

II. Towards a Human Development Strategy

What's in a Name?

25. The Council is not attempting to add to the alphabet soup of programs or coin a new catch-phrase in putting forth a "human development strategy". We are not suggesting that a new department of human development be formed, or that we set up a series of human development centres across the nation. Names usually reflect priorities rather than establish them. What we are looking for then is a re-ordering in priorities, not in jargon.

26. In the area of manpower policy particularly, the jargon betrays the misplaced priorities. Because of our biases, we may be unduly sensitive. The very term "manpower" seems more and more out of touch with a humane approach. The term "manpower" is merely an offspring of the "horsepower" approach. It views workers largely as bringing units of energy to the factory.

27. The economic profession has refined the theory somewhat in recent times. Most of the academic discussion of manpower issues - training and education, mobility, information, etc. - is now undertaken as part of what is called "human capital" theory.¹¹ This transfers to the human sphere the classic pre-occupation of economists with the accumulation of physical capital in the process of growth. This is now the main intellectual rationale for manpower policy and has led to the use of the cost-benefit tool for program evaluation. The approach views a human being as being imbued with capital through the acquisition of knowledge with the return on this investment earned

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For a series of seminal articles in this area, see the Journal of Political Economy, Supplement: October, 1962, "Investment in Human Beings".

through participation in the production process. By calculating rates of return in pecuniary terms for this type of investment, supposedly one can weigh policy choices involving investment in human capital versus investment in non-human capital.

28. The objection to the human capital approach has been expressed more eloquently than we could by Neil Chamberlain:

"We are in danger here of repeating the intellectual excesses of the scientific management movement of the turn of the century. Under the leadership of Frederick Taylor, it treated workers purely as instruments in a production process where efficiency in an input-output sense was the criterion to be served. The consequence was ultimately an explosion of worker protest which led to Congressional inquiry and action. We have now moved beyond the individual firm to the economy as a whole, and are seeking to organize that more encompassing system of relationships on the same discredited criterion of engineering efficiency. Once again, the individual is seen as subordinated to the production process, an educational investment in him is to be guided importantly by the pecuniary returns which it produces for the system. The educational process is seen as consisting, in substantial if uncertain measure, as a training ground for the production function. And once again all of this is justified on the grounds that it is of primary benefit to the individuals who are trained."¹²

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Cost-Benefit Analysis of Manpower Policies, Proceedings of a North-American Conference, May 14-15, 1969, pp. 233-4.

Eradication of Poverty: The First Priority in a Human Development Strategy
The Respective Roles of Manpower and Social Security Policy

29. The first priority in a human development strategy should be a commitment to the eradication of poverty. Despite the pleas on behalf of the poor by a variety of bodies including the Canadian Council on Social Development, the Economic Council of Canada, and the Special Senate Committee on Poverty, there is little to show for the rhetoric or for the substantial amounts of money that have been spent in the name of the poor. It is clear that poverty alleviation has had a low priority in the preference scale of the nation.

30. Indeed, in a real sense there is evidence that the position of the poor has regressed in recent years. In a recent document,¹³ the Canadian Council on Social Development examined the changing incidence of poverty according to various definitions within the limits of currently available data on income distribution. According to the CCSD definition, the total number of households living in poverty increased slightly as a proportion of all households from 1967 to 1973. According to the Senate Poverty Committee definition, which is close to that of the CCSD, but somewhat more strict, the proportion of all households living in poverty declined marginally, from 27.5% to 27.4%, (although the proportion of unattached individuals defined as poor increased from 40.4% to 41.7%). These are only relative measures.

In human terms, by both the Senate and the Canadian Council definitions, Canada has added approximately 50,000 households a year to the poor segment of our society. In the more recent period of rising unemployment and slow growth,

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The Canadian Council on Social Development, Canadian Fact Book on Poverty, February, 1975.

it is likely that this rate has accelerated. What the Economic Council of Canada termed a national "disgrace" in its fifth annual review of 1968 now deserves a more extreme term.

31. What is the explanation for the apparent paradox between sharply increasing sums spent on income security, regional disparities, education and manpower programs and the increasing incidence of poverty. The primary reason, developed in some detail in the first section of this brief, is the inability of the system to create full-employment conditions. The creation of jobs with adequate remuneration in more than just monetary terms is the major line of attack on poverty. Secondly, for those not able or expected to work, we have not adjusted transfer payments adequately. At the federal level, most transfers are indexed only to the cost of living with the result that many of the poor are frozen at a fixed standard of living while the rest of the community improves. Thirdly, many government measures operate to compensate middle and upper income groups for the concessions made to lower-income groups. In the transfer system, the bulk of family allowances, for example, go to the non-poor. The over-all tax system is regressive at the lower end of the income distribution curve. The personal income tax, although highly touted as the great leveller because of its progressivity, can however be adjusted in many ways that makes it less progressive. In the November 1974 Federal budget, substantial tax cuts were made which meant nothing to the lowest income group which has insufficient income to pay income tax.

32. As the Committee is probably already aware, the Canadian Council on Social Development has argued for the introduction as soon as possible of a guaranteed income through a negative income tax mechanism. As indicated in the previous point, there are limits to which reductions in the current positive tax system can reach the poor. A negative income tax system is, we believe, the

most desirable mechanism for alleviating the immediate financial strains on the poor. It would represent the best combination of efficiency in administration and effectiveness in giving the most to those most in need. For those not expected to work, the level of the guaranteed income should be set at least at the poverty line. For those able to work, the basic guarantee should be lower. However, monetary work incentives would be provided by reducing the basic guarantee by considerably less than a dollar for each dollar of outside earnings. This would guarantee that those working full-time would make more from a combination of earnings and negative taxes than those not working. At some point, of course, negative taxes would be reduced to zero as a result of earnings from employment, but this would take place well beyond the poverty line.¹⁴

33. The federal and provincial welfare ministers are currently undertaking a review of the social security system which had been hoped would lead soon to a full guaranteed income system. The Council deeply regrets that this review has been carried on largely behind closed doors. From the brief releases that have been made to the public and from unofficial discussions we have had with the parties involved, the prognosis is not cheerful. It appears that we may soon get a guaranteed income for those unable to work but at a level of guarantee well below the poverty line. This may be an improvement over the current system because it will reduce the stigma and uncertainty facing the current welfare caseload as well as cut back on the "welfare" bureaucracy. In terms of spending power, however, it may mean little over and above the rate of benefits already being paid to those on social assistance or the levels already guaranteed to the elderly through old-age security payments and the guaranteed income supplement.

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For a detailed treatment of our proposal, see: The Canadian Council on Social Development, Social Security for Canada 1973, September 1973.

For the working poor - the poor majority - it appears there will be little or no relief in sight for several years. This would be the most costly part of a comprehensive GAI because so many would be eligible and because they are currently getting little in the way of income supplementation. The main rationale provided for postponing a major program of assistance to this group is the current economic climate. The real issue however is one of values not economics. The argument that we could not have afforded income supplementation for the working poor at the same time that a major tax cut was made (directly and through indirect measures such as indexing, home ownership saving plan, interest deductability up to \$1,000, etc.) and government expenditures increased in unprecedented volume is ludicrous. Clearly the Federal Government opted to allocate the windfall gains from inflation almost exclusively to the non-poor.

34. Manpower and education programs are clearly a crucial part of an anti-poverty strategy. In the long-run, combined with effective job-creation policies and programs, they may reduce income supplementation through transfers to a bare minimum. Unfortunately, the long-run never arrives for many people. Consequently, for the short-run, at least, manpower programs must be complemented by strong income maintenance measures. We take particular issue with the school of thought that restricts a guaranteed income to the unemployables, the "deserving sheep", and proposes only a recycling of the employables, the "undeserving goats", through the manpower training system. Certainly for the foreseeable future this will leave the majority of the poor waiting at the gate. This will result largely because horrendous problems of technique and organization. Even if our value system were to make available sharply increased funds for manpower programs, the ability of the planners to

spend them effectively is not likely to materialize soon. As a U.S. planner has admitted candidly: "We have been experimenting over the years with manpower programs and while some have been fairly successful none has been very successful. We are suffering from the arrogance of planners who think that the next idea will be the one which will finally catch. We planners, and I include myself, have not really been allowing for our own stupidity ... Meanwhile there are a lot of poor people waiting around for the idea that works".¹⁵

35. The guaranteed income approach through transfers is not encumbered by these technical difficulties. Rather, it is a matter of conviction. The biggest stumbling block apparently is the question of work incentives. In terms of a negative tax approach to a GAI, the most relevant research has been undertaken in the U.S. The results there indicate that the only significant negative effects on work effort are in the case of females who feel that they no longer need to work outside the home to supplement family income.¹⁶ Family income supplementation may have negative work effects for these women, but that is largely a definitional problem. Work in the market place gets valued in our economic system, but work at home does not.

36. To recapitulate, a guaranteed income system that would include working poor is an immediate requirement if our anti-poverty strategy is to be anything but rhetoric. Concurrently, training programs and job-creation programs must be more fully developed. These must fully capitalize on and complement

¹⁵ Robert A. Levine in Cost-Benefit Analysis of Manpower Policies, op. cit., p. 183.

¹⁶ Summary Report: New Jersey Graduated Work Incentive Experiment, U.S. Department of Health, Education and Welfare, December 1973, pp. iv-v.

the work incentives that are built-in to the income support and supplementation scheme. In the long-run, these will supplant much - although never all - income transfers. Most of the problems that inhibit income-earning capacities among the poor are remedial through improving the poor's ability to work or increasing availability of suitable employment.

37. In their Sixth Annual Review, the Economic Council of Canada stated: "Policies that reduce poverty by creating new output, and therefore new incomes, are clearly preferable to policies that simply redistribute existing output and incomes. Poverty could be reduced, if not eliminated, by direct income transfers but as long as poverty reflects substantial unused manpower resources in the economy, redistributive schemes by themselves are likely to be second-best choices".¹⁷ That observation is difficult to quarrel with especially as a long-run proposition. But in the short-run it clearly is not a case of either expanded manpower programs or social security reform, but a blend of both. Combined with the Economic Council's expressed concern about the recent acceleration in government transfer payments (without adequately distinguishing between good and bad transfer programs, or the proportion of transfers from the rich to the rich and the poor to the rich), we feel that ammunition has been provided to those who would prefer to go slow on reforms in our income security system.

¹⁷ Economic Council of Canada, Sixth Annual Review, Perspective 1975, September 1969, p. 109.

Some Reflections on Work, Education and Leisure as Part of a Human Development Strategy

38. "First of all: what is work? Work is of two kinds: first, altering the position of matter at or near the earth's surface relatively to other such matter; second, telling other people to do so. The first kind is unpleasant and ill paid; the second is pleasant and highly paid. The second kind is capable of indefinite extension: there are not only those who give orders, but those who give advice as to what orders should be given. Usually two opposite kinds of advice are given simultaneously by two organized bodies of men; this is called politics."¹⁸

Much of course has changed since Russell made this comment. The first main change is the acceleration in technological change that has relieved the burden of physical labour. Secondly, the last four decades have seen a dramatic growth in employment in the services sector, which makes Russell's neat dichotomy between physical and advisory jobs no longer applicable. However, this is a case of things changing but remaining the same, for the "low pay, unpleasant work" and "high pay, pleasant work" distinction still largely holds.

39. The current process of educational preparation is largely "front-end loaded". An initial period of up to 20 years of continuous education is now seen as the best way of preparing the individual for active work and social life. There is considerable merit to the proposition that education, like youth, is wasted on the young, at least in terms of the upper end of secondary education. One of the most serious drawbacks to the current system is the "now or never"

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Bertrand Russell, In Praise of Idleness, Unwin Books, London, 1967, p. 11 (Written in 1932).

nature of the process. The poor, for example, have the most difficulty adapting to the educational system, but are the first to drop-out either because of failure or the lure of a job and ready cash. The barriers to making up this lost ground are prohibitive. Jobs acquired with a low level of initial education are often mind-numbing and offer little useful on-the-job experience. Adult training programs are insufficient as well. For example, the current restriction in the Adult Occupational Training Act to a maximum 52 weeks of basic educational upgrading is useless in closing the gap for those who missed the boat the first time around.

40. Leisure supposedly has become an increasingly available good. Trends are readily notable towards the shorter work-week, longer vacations and earlier retirement. There has been some serious questioning however as to whether these trends are merely illusory. Counteracting trends have been obvious in the form of moonlighting, the time used up in commuting to and from work, and the tendency whereby many families work more in the marketplace because women participate more and more. One observer has concluded: "Since 1850 free time has not appreciably increased. It is greater when compared with the days of Manchesterism or of the sweatshops of New York. Put alongside modern rural Greece or ancient Greece, though, or medieval Europe and ancient Rome, free time today suffers by comparison, and leisure even more".¹⁹ As implied in the latter part of this quotation, time "off-the-job" cannot be equated with leisure. If one has to use "off-the-job" time to recuperate physically for the next round of work, it is hardly a question of having leisure

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Sebastian deGrazia, Of Time, Work and Leisure, A Twentieth Century Fund Study, Anchor Books, 1964, p. 83.

time available. Leisure can only be fully used when one has the income and capacity to enjoy it. Some of the modern outlets for leisure - golf courses, camping, and the like - require substantial outlays of cash. Even the less expensive forms of leisure - reading, attendance at museums, healthy introspection, etc. - require a level of education and preparedness outside the reach of the disadvantaged.

41. The conceptual difficulty in separating work, education, and leisure should be carried over into practice as a clear aim of policy. In the ideal, this would lead to a fusion rather than polarity of work and leisure with this fusion representing a lifetime learning experience. There are at present few individuals who are in this happy state. Again, in order to move towards this ideal, we will have to throw aside some of the analytical tools which hamper our thinking. We will have to switch from what has been called an "economizing" mode of thought to a "sociologizing" mode.²⁰ In the traditional "economizing" mode, leisure has been thought of as a good that is earned with the income gained from "productive" work. "The distinction between the two forms of time (leisure and idleness) manifests the moral value that our society attaches to work: leisure is given moral value only in relation to the nature and magnitude of work that preceded it. In the absence of work, when work is of limited duration, when the nature of work does not have social legitimacy or legal sanction, and when the work is for personal satisfaction rather than for sale, the time and activities involved are not even honored with the concept leisure. The time is referred to as idle time; and the activities are idle activities."²¹

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The jargon is borrowed from Daniel Bell, "The Corporation and Society in the 1970's", *The Public Interest*, No. 24, Summer 1971.

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Stephen Peitchinis in New Concepts of Work, Canadian Council on Social Development, January 1974, p. 13.

A new theory based on the "sociologizing" mode where work and leisure concepts are joined rather than separated is required. Ultimately, however, theory and analytical models flow from value systems. The value system in our society that has compartmentalized work, education and leisure and has distributed each of these very unevenly requires drastic revision in a human development strategy.

42. There are two particular areas where we feel that much can be done to push for a closing of the work - education - leisure trichotomy. These are the concepts of "recurrent education" and "industrial democracy". "Recurrent education" has been called a "policy metaphor"²² in that it is not so much a specific educational policy as an approach into an alternative educational future which will involve many new policies in socio-economic areas other than simply education. "The concept of 'recurrent education' intends to propose a concrete framework within which a great part of the individual's lifelong learning can take place. It differs from the concept of 'permanent education' by making the principles of alternation between education and other activities central to the definition."²³ There are a series of practices already existent that attempt to adjust for the current rigidities in the educational system. New forms of post-secondary have emerged in recent years, notably the community colleges. Adult education programs are growing rapidly. Occupational retraining programs have expanded. There are moves afoot to make sabbaticals more than just the prerogative of university professors. The process so far

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Warren L. Ziegler, Recurrent Education: A Model for the Future of Adult Education and Learning in the United States, prepared for the Planning Group for the National Foundation for Post-Secondary Education.

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Organization for Economic Cooperation and Development, Centre for Educational Research and Innovation, Recurrent Education: A Strategy for Lifelong Learning, 1973, p. 12.

represents gradualism with there being no "quantum leap" commitment to the concept. This will require a careful sorting out of responsibilities between the public and private sector, and, within the public sector, a new rationalization of the federal-provincial roles in education and training.

43. We are not at a stage in our study of the question to make specific recommendations for faster implementation of the approach in the Canadian scene. The Organization for Economic Co-operation and Development have laid down some basic guiding principles that represent a good starting point:

- "a) the last years of compulsory education should provide
a curriculum that gives to each pupil a real choice
between further study and work;
- b) after leaving compulsory school, access to post-
compulsory education should be guaranteed to the
individual at appropriate times over his total
life-cycle;
- c) distribution of facilities should be such as to make
education as far as possible available to all
individuals, wherever and whenever they need it;
- d) work and other social experience should be regarded
as a basic element in admission rules and curricular
design;
- e) it should be possible and important to pursue any
career in an intermittent way, meaning an alternation
between study and work;
- f) curricular design and content and teaching methodology
should be designed in co-operation with the different
interest groups involved (students, teachers, admin-

istrators, etc.) and adapted to the interests and motivation of different age and social groups;

- g) degrees and certificates should not be looked upon as an "end result" of an educational career but rather as steps and guides towards a process of lifelong education and lifelong career and personality development; and
- h) on completion of compulsory school, each individual should be given a right to periods of educational leave of absence with necessary provisions for job and social security."²⁴

44. One of the most significant benefits of this approach, in our view, would be the closing to some extent of what are now wide inter-generational disparities in educational attainment. According to the 1971 Census, for example, for those not attending school full-time, one out of seven of the 25-34 age group had some university education while only one out of fourteen of the 45 plus group had. Approximately one half of the 45 plus group had only elementary education. To direct more of our educational effort at the latter group through imaginative new programs should be a major goal of social policy.

45. The second major area proposed for integrating work, education, and leisure is the advancement of "industrial democracy". Although "work in your home" trends may gain steam over the long-run, the factory or office building will continue to be the prime place of work in the foreseeable future. The concept of "industrial democracy" relates to a set of new practices that would

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ibid, p. 28.

change power relationships within industry. The predominant form of industrial enterprise is the corporation. In the past, enterprises were the creatures of the individual entrepreneur. With the rise of the modern large corporation, however, the concept of ownership and control began to diverge. Ownership was widespread but control effectively passed to senior management. Galbraith further speculates that there is a structure under this where real power resides because this group controls the information that gets fed into the decision-making process. This is the technostructure of a corporate organization - the market researchers, the engineers, the cost-benefit analysts, etc.²⁵ On the other side, unions have grown in strength as a countervailing power to corporations. Unions have developed in a hierarchical manner as well so as not to be "divided and conquered" by concentrated corporate power. What we are left with then is a rather delicate system of giants confronting each other.

46. "Industrial democracy" is an approach attempting to achieve some kind of synthesis from the current system of confronting monopolists. In the ultimate form, it is a system whereby workers rather than unions and management (or their surrogates, the technostructure) assume decision-making authority in the work-place and in effect become their own bosses. It rejects the division of labour or "pin factory" approach to production and integrates individuals in the performance of a job. Through these changes, work will become a satisfying experience and individuals will not have to look at each day as one-third work, one-third unconsciousness and one-third actual living. That may indeed be an exaggerated measure of "actual living": a dissatisfying work

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For a full exposition of Galbraith's thesis, see The New Industrial State, a Pelican Book, 1969.

experience can carry over into off-hours.

47. There may be considerable resistance from the existing power structure to significant moves along the road to "industrial democracy". Unions may see such a trend as an erosion of their role in representing workers, for in such a system workers largely represent themselves. It is encouraging to see in the Western European experience with industrial democracy that strong unions and greater internal participation by workers in management have been coincident. We report on the German experience specifically in a later section of this brief.

The resistance from existing management itself would likely be more powerful however. Without an enlightened approach, concessions to the pressure for worker participation may take the form simply of token representation on advisory and consultative groups rather than a direct line into the decision-making process. If Galbraith is correct and real power rests in the middle of corporations - at the level of the technostructure - then that is the level at which the bottleneck must be broken. In a real sense information is power. Information flows must then be opened up - in particular, the code system or jargon used by technocrats must be humanized and made understandable to all. Although we have talked here about private corporations, the same principles apply to government and its bureaucracy.

48. An important consequence of "industrial democracy" might well be a termination of the long-run downward trend in hours spent by an individual "at work". If the work-place is humanized and integrated as a social experience, for example through the greater provision of recreational facilities and educational opportunities, the hours spent at work may well increase.

49. The implementation of a more participatory work concept should also

be coincident with a realignment of the concept of profit. Let us take as an example the question of training-in-industry. There has been a distinction made between "general" and "specific" training. General training is useful in many firms other than the firm providing it. Specific training, on the other hand, is useful only to an individual firm, with the skill acquired not being portable to other firms. The economic theory again has a neat but narrow interpretation of who benefits and who pays. "Why, then, would rational firms in competitive labor markets provide general training if it did not bring any return? The answer is that firms would provide general training only if they did not have to pay any of the costs."²⁶ The firm on the other hand would pay the costs of specific training given that it could retrieve the costs over time through the higher productivity of the employee. The latter assumes of course that the employee sticks with the firm long enough to return the investment to the employer. The employee may encourage this through various means: "the effects on the incentive to invest in one's employees may have been a major stimulus to the development of pension plans with incomplete vesting".²⁷

With an expansion of the concept of profit from a narrow economic one to one based on net human well-being, the above rationale falls down. The dichotomy between the concept of "firm" and "employees" would be lessened and a distinction between what is profitable for one but not the other would be blurred. The overall rate of turnover of employees would decline with the removal of the requirements to hedge against this through items such as non-vested and non-portable private pension schemes. We are not suggesting that the

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Gary Becker, Human Capital, National Bureau of Economic Research, New York, 1964, p. 12.

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ibid., p. 27.

Japanese system whereby workers stay with the same firm throughout their lives is a desirable goal, but a higher degree of stability and security of employment than is now evident in the Canadian economy is a reasonable goal.

From Market to Community

50. As we have indicated already, the concept of "market" and the economic criteria that flow from the concept are completely obsolete. The "market" concept is a hangover from the writings of Adam Smith and others, who developed their framework in an age where raw manpower was unorganized and in abundant supply and forced by limited technology and exploitation to live at a minimum level of subsistence. In fairness, economists have refined their concept of "market", but it still remains the prime mode of analysis. The "market", whether for manpower, capital or land, is the setting where "killings are made".

51. "A concern for the dignity of the individual requires acceptance of the concept of community, which means recognition of the interdependence of all people within society."²⁸ (our underlining). The appeals made for acceptance of the concept of community abound in rhetoric. A most recent one was made by Prime Minister Trudeau:

"What I dare to believe is that men and women everywhere will come to understand that no individual, no government, no nation is capable of living in isolation, or of pursuing policies inconsistent with the interests - both present and future - of others. That self-respect is not self-perpetuating but depends for its existence on access to social justice. That each of us must do all in our power to extend to all persons an equal measure of human dignity - to ensure through our efforts that hope and faith in the future are not reserved for a minority of the world's population, but are available to all.

This responsibility rests on each one of us. It is not transferable. Its discharge is not conditional upon the acts or the omissions of others. It demands that we care; that we share; that we be honest.

In this global village we are all accountable.

None of us can escape the burden of our responsibility. None of us can escape the tragedy of any failure. Nor, happily, will anyone escape the benefit, the joy, the satisfaction - the freedom - which will accompany the discharge of that responsibility."²⁹

52. There remains an unacceptable gap between the rhetoric and actual progress. It is not a simple matter, as the Prime Minister has stated, that "we know in our hearts what has to be done even if we have not yet found in our minds the way it can be done".³⁰ There is the important intermediate step required of having the will to do what our heart or conscience tells us. The technique for implementing a spirit of community may be more difficult in the international field, but in the domestic field, inactivity cannot be justified on this basis. As noted earlier, we regret the delays in implementing a guaranteed annual income on the basis of arguments for more experimentation, a requirement for a national consensus, and the difficult economic times.

53. What are some of the principles upon which a concept of community must be built?³¹ A first principle is that of a horizontal, but individual-

29

Notes for Remarks by the Prime Minister at the Mansion House, London, England, March 13, 1975, pp. 10-11.

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ibid., p. 8.

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We have drawn heavily here from, "Social Policies for Tomorrow", keynote address by David E. Woodsworth to the Canadian Council on Social Development's 1971 Annual Meeting, Ottawa.

oriented society. This would represent a major breakthrough from current dominant societal forms. In China, for example, structure is horizontal and collective. In North America, on the other hand, structure is basically vertical and individualistic.³² Progress towards a horizontal and individualistic society would require a re-affirmation of social rights which entitles individuals to returns related to need rather than the accidents of the market-place. These rights would be assigned by virtue of membership in society rather than the possession of what are now considered marketable factors of production.

54. A second major requirement for a community based socio-economic system is the decentralization of the decision-making process. Communities should decide on the allocation of responsibility for producing goods and services that they consider socially useful and on the distribution among their members of that production. The level of community that we are referring to here is imprecise but certainly smaller than the provincial unit. We are not suggesting that existing forms of government should be cast aside, but that decisions should not be passed down from higher levels of government with only token consultation with local inhabitants. Nor are we suggesting that the current industrial system be dismantled and we return to cottage industries. Rather we are suggesting that the community should have primary control over the direction of modern technology.

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See John Porter, The Vertical Mosaic, Toronto, University of Toronto Press, 1965.

III. Current Manpower Programs

If things are so good, why change?

55. The Department of Manpower and Immigration has presented a variety of statistical evidence indicating the effectiveness of various manpower programs. This Committee has been told that "the economy benefits from \$4 to \$6 for every dollar invested in training".³³ A cost-benefit evaluation on the mobility program "shows an amazing return to the economy of \$12 for every dollar spent".³⁴ Further, it was found that "program expenditures (for LIP) of \$490 million between 1972 and 1974 resulted in an increase of \$723 million in Gross National Product" (in those years) and "an additional \$140 million during the period from 1975 to 1978".³⁵ In regard to the recent special job placement drive for Unemployment Insurance claimants, employable welfare recipients and selected Canada Manpower clients in need, "a return of \$5 to \$7 for every dollar spent on the special drive"³⁶ has been claimed.

56. The combination of such evidence with ancillary evidence that there is still a significant proportion of the target groups that are not being reached provides a powerful argument for program expansion along existing lines. The rates of return indicated for manpower programs would be the envy of private entrepreneurs in their investment decision-making. We do not have sufficient

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Statement by the Honourable Robert Andras, Minister of Manpower and Immigration to The Standing Senate Committee on National Finance, Feb. 13/75, p. 9.

34

ibid., p. 10.

35

Manpower Programs Information ("Job Creation") for presentation to The Standing Committee on National Finance, February 1975, p. 31.

36

Press Release from Office of the Minister of Manpower and Immigration, "Job Placement Drive", Feb. 20, 1975, p. 2.

access to the program information and other data underlying these estimates to categorically reject or accept the conclusions. Indeed, we would urge a much greater degree of openness in this regard so that outside researchers and legislators could better judge the performance of this department and other departments. A greater dissemination of information is required not only in terms of post-evaluation program data but also regarding the assumptions of program planning. For example, we view with some consternation the inability of the Department of Manpower and Immigration at these hearings to tell the Committee what potential unemployment rate for students this summer was being assumed as a basis for planning OFY activity. We recognize the inability of Manpower officials to divulge this because it is "government policy" not to do so. It is the "policy" that we object to.

57. We cannot deal with the cost-benefit data at their own level. However, we retain a healthy skepticism from two points of view. First, the cumulative effects of such effective action should be more discernible in aggregate data, particularly employment and unemployment data, and the poverty population. If one added up the job-creation and employment finding claims of government through LIP, OFY, successful training and mobility efforts, DREE grants, provincial and local government activities, etc. it is hard to understand why we are in a period of rising unemployment instead of falling unemployment. We have a parallel difficulty rationalizing the "poverty reduction" claims associated with these programs with data we have previously quoted on increasing trends in the level of the poor population.

58. Our second major source of skepticism stems from the methodology of cost-benefit analysis. Cost-benefit analysis is not the only means used for evaluation of federal manpower programs, but it has a predominant role - at least for external or public purposes - because it is "hard" compared to "soft"

methods such as judgement, intuition, and the like. We have already noted the inability of this technique to account adequately for social effects; e.g., how do you measure "home sickness" under the mobility program, or the degree of job satisfaction in jobs for which people have been trained under Manpower programs. We will not labour that point further except to say that these effects are probably more important on the cost side and therefore their exclusion biases results positively. Even at the economic level, cost-benefit analysis is highly sensitive to the assumptions that the analyst builds in. We do not have data for the Canadian scene, but Robert Levine has reported³⁷ on the experience with evaluation of the American Job Corps program. By varying technical assumptions but using the same data, estimates of the cost-benefit ratio for the program have ranged all the way from 1:.3 to 1:5; i.e., from a bad loss position to a sizeable gain position. Clearly beauty is in the eye of the beholder.

59. There are two particular methodological reservations that lead us to severe qualification of the results of cost-benefit analysis. First the approach requires a forecast of gains and losses for the individual affected far into the future. This is usually based on a follow-up survey shortly after program experience. To project lifetime increased earnings from training on this basis has been judged similar to "tracking a missile when it is a few inches off the pad".³⁸ Moreover, these projected gains are expressed in today's dollars through the use of a rate of discount that takes into effect future inflation. The difficulty of forecasting inflation even a year ahead is well known, let alone over an individual's lifetime.

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Robert A. Levine, "Manpower Programs in the War on Poverty", in Cost-Benefit Analysis of Manpower Policies, op. cit., p. 173.

38

ibid., p. 171.

60. Secondly, there is the so-called "control group" problem. The ultimate evaluation question is: what would have happened to the individual who is trained (or moves under the mobility program, or who participates in a LIP project, etc.) if he hadn't participated in the program. There are two key methods for handling this. One can use the "before and after" technique; e.g., compare earnings before and after training and attribute the difference to the program, after perhaps discounting this by the general improvement in earnings throughout the economy in the interval. In this approach, currently used by the Manpower Department, it is impossible to hold "other things equal" and be sure that changes are attributable to the program. For example, general employment conditions might change for the better from one period to the next and this will make the program look better: trainees may get jobs that are quite independent of the training they received. The preferred method for overcoming this problem is to develop a "control group". This is a group of individuals who appear similar to trainees in as many ways as can be measured, except that they do not receive training. The earnings and employment experience of this group is followed through as well as the experience of trainees, and differences are attributed to the program. This approach is not without problems either. To select a group where "other things are equal" is easier said than done. Further the analyst can never be sure that the group that went through the program didn't receive special attention in other ways. For example, in placement activities it would be difficult for Manpower administrators not to show a preference in placement efforts for trainees as opposed to non-trainees. Even if training had zero real benefits for the individual, this would give the trainee an advantage in the labour market and make for a positive evaluation of training.

61. A more direct approach to evaluation, of course, is to simply ask

participants for their views on program effectiveness. This may be rejected by the purists as soft and subjective compared to the objective and hard approach of cost-benefit analysis. We feel it is at least equally valid. The results of this approach - quite favourable results - have been related to this Committee in the "job-creation" presentation by the Department. For the training program, however, we have to look outside the Department for evidence - and admittedly it is the special case of one province, Prince Edward Island. A survey taken there in the fall of 1973 is reported on in a following section.

Placement Activities

62. Our starting point in commenting on the adequacy of specific Manpower programs is the following conclusion by the Special Senate Committee on Poverty:

"In operation, the Federal Manpower program is oriented toward providing a service to employers - that is, toward labour demand. Department priorities are directed at meeting the existing and forecast needs of the labour market and not at meeting the needs of the individual worker ... In practice, the evidence presented to the Senate Committee clearly indicates that the programs of the Department are just not available or accessible 'to the people who need it most' - the poor and the disadvantaged."³⁹

63. We endorse this as a reflection of the status of programs at the time, being based on the most comprehensive and detailed study of its kind yet undertaken. The relevant question now is: how much progress is being made away from its orientation? Our judgement is that progress, though significant, is too slow and uncertain. Some of the programs aimed at the most difficult to reach groups appear quite trifling to us. In the "Outreach" program, for example, it is estimated that the Department will spend \$783,000 in the "unemployed, urban poor and welfare recipients" category in 1974-75.⁴⁰ This amounts to about one-tenth of one percent of the Departmental budget! Programs of this type should be expanded even though the cost-benefit

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Poverty in Canada: A Report of the Special Senate Committee, November, 1971, pp. 149-150.

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Departmental presentation to Standing Committee on National Finance, "The Employment Service", February 1975, Appendix Table 4.

ratios may not be as favourable as have been indicated to date by the Department.

64. It is our hope that the Department does not ebb and flow simply with changing economic circumstances. With rising unemployment, some shift in emphasis has taken place in the form of programs such as Outreach, LIP, OFY, special job placement drives, etc. It remains to be seen however if this represents a permanent shift towards a higher social content in activities or a politically inspired strategy; for example, to control the unemployment insurance "dragon".

65. Little data has been made available by the Department on the operational performance of CMCs over and above summary data on vacancies reported, placements, referrals and registrations. This data is interesting but one cannot conclude much about operational efficiency. For example, in 1973-74, in all CMCs, only about a third of referrals were placed.⁴¹ Does this reflect excessive fussiness on the part of employers, "bad" referrals by Manpower officers, or a large number of candidates who are not really serious about wanting to work and are going "through the motions"? It is further indicated that whereas two-thirds of employer vacancies reported to CMCs are filled by CMC placements, only one-quarter of clients registered at CMCs get placed. Clearly Canada Manpower is much better at finding people for jobs than finding jobs for people. Some of this represents the failings of the Department, although as we have noted earlier, the Department is hardly responsible for general unemployment. In 1973-74, even if all vacancies

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Department of Manpower and Immigration Annual Report, 1973-74, p. 35.

reported had been filled by CMC registrants, there still would have been a balance of approximately $2\frac{1}{2}$ million registrants unplaced.

66. The heart of the Canada Manpower Centre system is the individual counsellor. We have considerable sympathy for this individual who has to serve both employers and employees, as well as his bureaucratic bosses. Individual caseloads (borrowing an expression more common in the welfare field) appear excessive given the individual attention that is required if the job is to be done adequately. Our impression - and admittedly this has not been put to the test by close observation - is that counsellors do not have sufficient time to play the ideal "client advocacy" role that they should.

67. The new system of Job Information Centres can be a useful approach in that it will be more efficient and less bureaucratic for those clients that simply need information about the availability of jobs. It can free time for counsellors to pay more attention to the "special needs" groups. It is to be hoped that counsellors' time will not be syphoned off elsewhere, e.g., exclusively to increased visits to employers. It should be borne in mind, however, that in itself the system is simply a modern variation of the traditional labour exchange. It is a better system for handling the existing mix of individuals who use Manpower facilities. It must be complemented by more aggressive programs to assist those who are not currently able or disposed to approach a Manpower centre on their own.

68. An important activity of the Department in the very recent period has been the special job finding and placement drive. This drive has been directed at Unemployment Insurance claimants primarily, as well as employable welfare recipients and other selected CMC clients with special difficulties. In co-operation with the Unemployment Insurance Commission, individuals are identified and asked to come to the CMC for an introductory interview with follow-up

sessions at four-week intervals. In terms of placements as a percentage of numbers contacted, the record of success is poor: from April 1, 1974 to December 31, 1974, only about 9% of 344,959 persons asked to come in to a CMC were eventually placed. Others of course may have found jobs on their own while others were directed to training and mobility programs (only 5,664 however).⁴² There are two items that disturb us about this effort as revealed by the statistics on the program. First, why do over one-third of the individuals contacted not come for the initial interview? One possibility of course is that they have little faith in the ability of the CMC to find them a job. Another possibility is that they regard this as a "snooper" operation with little purpose other than to cut them off welfare or unemployment insurance. A portion may be "artful dodgers" who simply do not want to work. If the main inspiration of the program is to check up on unemployment insurance cheaters, then it represents a regressive move to the days of the "passive posture under the Unemployment Insurance Commission - where placement was rightly or wrongly viewed as a subfunction of the detective duties involved in tracking down miscreants alleged to be unwilling to work and getting wealthy on their drawings from the fund".⁴³ The Department has claimed that there will be a saving to the Unemployment Insurance Account of from \$30-40 million for the fiscal year 1974-75.⁴⁴ However it does not indicate how much saving emanates from finding jobs for individuals properly drawing benefits and how much from disqualifications of cheaters. It would be most useful for the Department to have commented on

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All data is from Departmental submission to Standing Committee on National Finance, "The Employment Service", op. cit., pp. 3 - 5.

43

R.R. Kerton, Active Manpower Programs in Canada, Prices & Incomes Commission, 1973, p. 28.

44

Submission by Department to Standing Senate Committee on National Finance, "The Employment Service", Feb. 1975, p. 5.

this. It seems to us that the Department in this case, as in others, has given some data but not real information. Our second major area of concern is with the small number of participants who have been referred for training: only 5,431. We regard this as a sad reflection of the capacity of Departmental programs to deliver to the more needy group.

69. The Department has indicated to this Committee that in 1972 Canada was first in comparison with the United States, the United Kingdom, Sweden, France and West Germany in terms of placements as a percentage of the labour force - 12%. Further, it is estimated that CMC's fill 25-35 percent of all job openings in Canada each year.⁴⁵ These two statistics in combination mean that total vacancies in Canada each year are equivalent to up to 50% of the labour force. Some of these are completely new jobs but the majority represent a turnover situation. While the statistics relating to the Department's share of placements may be satisfying, we find the implied rate of turnover in the Canadian labour force shocking. Rather than reflecting a healthy dynamism, we take this as evidence of a malaise in the Canadian employment picture. It illustrates that there are a lot of poor jobs in Canada. The Department of Manpower and Immigration of course gets a large proportion of these. A sample survey conducted among CMCs in seven metropolitan areas in 1974 indicated that the average weekly wage for vacancies was \$119.⁴⁶ This would probably be higher than for all CMCs, for the metropolitan areas chosen - including Toronto, Montreal and Vancouver - were high-wage areas.

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Statement by Robert Andras to the Standing Committee on National Finance, op. cit., p. 13.

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Departmental submission to Standing Senate Committee on National Finance, "The Employment Service", op. cit., pp. 25-26.

70. As indicated in the previous section, the majority of job vacancies in the Canadian economy are filled outside of CMCs. The question of possible duplication and even competition between public and private agencies has often been broached. One observer has commented caustically: "One is forced to at least grudging admiration of an industry that can thrive on selling at substantial fees a service that the government provides gratis".⁴⁷ In fact, private employment agencies have a small but increasing share of total hirings - estimated at only 3% in Canada in 1968.⁴⁸ Public and private agencies deal with very different types of clients. The Federal Department of Manpower and Immigration deals with those individuals who are in excess supply, whereas the private agencies deal with those individuals who are in excess demand - the temporary help people and the highly skilled. Nevertheless there is a small degree of inevitable overlap. This should be rectified in the interests of better matching by two measures. Job candidates registered at Canada Manpower Centres should treat private agencies as an extension of the personnel department of companies. On the other hand, private agencies should be required to give their vacancies information to Canada Manpower. This information is valuable to the private firm but the name of the employer would not have to be given. This information could be entered in the Job Information Centres as an additional possibility for CMC clients. The possibility inherent in the existing situation that a CMC client is unable to link up with a CMC vacancy while a compatible vacancy registered at a private agency goes unfilled is indefensible.

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Albert Rees, "Information Networks in Labor Markets", American Economic Review, Supplement 56, May, 1966, p. 563.

48

Economic Council of Canada, Eight Annual Review: Design for Decision-Making, 1971, p. 180.

Training

71. In budgetary terms, the Canada Manpower Training Program is the most important activity of the Department: in the period since 1967, over two billion dollars has been spent on training over two million individuals.⁴⁹ The budget for 1974-75 alone is slightly over \$400 million. Our first impression then is that the cost per individual trained - at about \$1,000 - is modest. We would not argue that the total budget should be expanded but rather that the amount invested per individual must be considerably greater than this if the program is to be meaningful for individuals with the most need.

72. The Minister has indicated that in comparison with five other countries - the U.S., the United Kingdom, Sweden, France and West Germany - Canada was second only to Sweden in 1972 in terms of training expenditures as a percentage of gross domestic product - .37 compared with .43. The U.S. and France, at the other extreme, spent only .09 and .15 respectively.⁵⁰ However, these comparisons can be highly deceptive. Sweden, for example, has had a much lower rate of unemployment than Canada, so that in terms of expenditures per unemployed person Canada would lag badly. The comparison with the U.S. is also subject to closer scrutiny. In the United States, training programs are much more heavily oriented towards disadvantaged groups. "Most training programs which draw on federal funds in the United States require that all or a large majority of trainees come from the 'disadvantaged' population, meaning that they are poor and have one or more serious handicaps in finding

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Department's submission to Standing Senate Committee on National Finance, "Manpower Training", Feb. 1975, p. 12.

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Statement by Robert Andras to Standing Senate Committee on National Finance, op. cit., p. 13.

and keeping satisfactory jobs; for example, they may be school drop-outs, members of a minority group, or in other ways handicapped."⁵¹ In terms of delivering to the most needy groups, then, the Canadian performance is not as good as the gross expenditure comparison with the U.S. indicates.

73. An important further discrepancy in the comparison with other countries is the different mix between institutional versus industrial training. Industrial training has been increasing as a proportion of all training expenditures, but in 1973-74 stood at only 11%. The advantages of industrial training over institutional training need to be emphasized in the Canadian scene. In a work environment, the relevance of training to a specific job is enhanced and the student's motivation is strengthened. Further, industrial training may not require the large capital outlays required for institutional training.

The obstacles to a substitution of industrial training for institutional training are severe. There has been in fact a considerable investment already in buildings, teachers, etc. on the institutional side and idle capacity would be regarded (particularly by the provinces) as a "problem". Secondly, industrial training will take place in the industrial heartland. Therefore a switch away from institutional training may undermine what appears to be an inherent goal of the training program; i.e., to discriminate in expenditures towards the lagging regions of Canada. Finally, and related to the previous point, an unspoken sub-goal of training is income maintenance, e.g., for seasonal workers, rather than the preparation of people for new jobs based on training. This is clear from data available from surveys of program participants.

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Economic Council of Canada, Eight Annual Review, op. cit., 1971, p. 99.

In a survey of Canada Manpower Training Program clients completing full-time non-apprentice courses from January to December 1969, it was found that only 35.5 percent got jobs in areas related to their training.⁵² A more recent survey conducted in the fall of 1973 for graduates of Basic Training for Skill Development and Vocational Training courses in Prince Edward Island from 1970 to 1973 indicated that 70% and 58% respectively answered affirmatively when asked: "Could you have got your present job if you had not taken the training course?" Moreover, 90% and 86% answered negatively when asked: "Did Canada Manpower help you find your present job?"⁵³ While Prince Edward Island is admittedly a special case - experiencing a higher degree of seasonality in its employment than any other province - it is clear that income continuation - rather than training for jobs - is frequently the actual if not expressed goal of Manpower training. When the Department quotes favourable statistics indicating a large proportion of trainees unemployed prior to training but employed after training, it is claiming unwarranted credit for much of the normal "in" and "out" activity associated with seasonal employment, which is a characteristic of the Canadian economy. We are not criticizing income maintenance per se, but there are much more efficient and equitable programs to achieve this goal without deluding the public and disillusioning trainees. A much more effective delivery system would be through a negative income tax mechanism under a comprehensive guaranteed annual income.

74. One of the trepidations of the Department in moving more vigorously into the industrial training business is the fear of paying employers to do what they would have done anyway. Prior to 1971, training in industry had to be of

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R.R. Kerton, Active Manpower Programs in Canada, op. cit., p. 44.

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P.M. Associates, 'Evaluation of CMTP/Provincial Education Training Projects', March 1974, pp. 56 and 59.

the "vestibule" type and "general" in nature so that the benefits were transferable to other employers. In 1971, the Department began supporting "on-the-job" training, but by 1973-74, only 3 percent of all trainees were involved in this type of training.⁵⁴

The priorities of the Department in industrial training are supposedly reflected in the scale of wage re-imbusement available: up to 85 percent for "special needs" clients, up to 60 percent for the previously unemployed or those threatened by unemployment and up to 40 percent for employees already in the company's employ or transferring from previous employment in a different company. This is commendable in itself but one must look beyond these percentages. The volume of activity, particularly for "special needs" clients, is too low. It is a sad reflection on the social conscience of private employers that they seem to require virtually the entire wage-bill of "special needs" clients subsidized before they will train them - particularly as the skills developed are often specific to the firm and can be performed equally well by this group as by other less needy groups. It would be useful to have from the Department convincing evidence that the program is not subsidizing low-wage employers and that the Department is mounting a vigorous campaign to get employers to change attitudes to disadvantaged groups such as the handicapped.

75. Additional evidence that the training program is failing to concentrate on the groups most in need can be gleaned from the changing characteristics of trainees enrolled. In terms of educational level, for example, the proportion of trainees in institutional training with Grade 8 or less has declined from 40% in 1969-70 to 30% in 1973-74. The proportion with Grade 12 or better, on

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Departmental submission to Standing Senate Committee on National Finance, "Manpower Training", op. cit., Chart 3, Appendix I.

the other hand, has almost doubled from 13% to 23% in the same period. In terms of age, only 11% of trainees have been in the 45 years and over category. The 19 years and under category, on the other hand, has increased in importance from 8% to 12%. The number of trainees with no dependents has increased from 49% to 64%.⁵⁵ A considerable portion of these shifts can be directly associated with the amendment to the Adult Occupational Training Act in 1972 which removed the need for three years' attachment to the labour force in order to qualify for training allowances. While we recognize the problems facing youth in their search for jobs, these trends reinforce our conclusion that the program is not reaching the neediest groups - e.g., the older and least educated worker who may not result in the best cost-benefit ratio and longest "pay-back" period.

76. The most prohibitive restriction on doing more for the most disadvantaged groups is the maximum of 52 weeks for basic educational upgrading allowed by the Occupational Training Act. For individuals with only elementary education - about half of the Canadian population over 45 for example - it is virtually impossible in the space of a year to bridge gaps in basic education required for more remunerative employment or entry into further skill training. The liberalization of this restriction - and the federal-provincial rationalization of the training - education dilemma involved - should be a top priority item.

77. The existing state of federal-provincial co-ordination in the area of Manpower training policy requires further improvement. Recent decentralization of the federal manpower bureaucracy and strengthening of the Manpower Needs Committees have been positive developments. However, the federal side currently controls the number and distribution of "places" and refers candidates to these

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ibid., Table 3, Appendix I.

"places". The Provincial Government on the other hand is compensated for 100% of the costs. This is a considerable change from the pre-1967 era when there was cost-sharing but less federal control of expenditures. We would urge that the existing arrangements be reviewed and a new relationship be established between the federal and provincial sides that is not the current "buyer-seller" one but one of federal support for provincially-articulated human resource strategies.

78. A sine qua non of Manpower planning is an adequate system of occupational forecasting. Efforts in this area are still sadly lacking, so that the determination of the type of occupational training to be given from year to year has amounted to "groping in the dark" or tying training to "occupational shortages" lists where shortages may exist because of inadequate wages rather than lack of trained personnel. The federal department is currently moving ahead on a complex computer-based system. However, this has as yet been developed only for the demand side of the market. In order to be useful in indicating imbalances that need be remedied through training, the supply side of the equation must be estimated. However program officials must not get locked into their computer projections. The outlook for occupations must be continuously reviewed and adjusted through federal-provincial and public-private consultation. Moreover, the time-horizon of occupational outlooks must be expanded. At the present time, career decisions are being determined as much as 10-15 years ahead of actual work experience with a very inadequate basis of choice in terms of counselling and information. Better methods must be found to improve our understanding of the changing requirements of the world of work and to adjust our education system to better prepare students for this world. Concurrently, a change in attitudes towards the status or worth of some jobs and the associated pecking-order must be brought about. This in turn will have an impact on people's

aspirations about careers and vocations. Our feeling of urgency in this regard has been expressed in the annual report of the Canadian Council on Social Development: "We must get on at once with the most difficult task of all: to examine comprehensively, systematically and in depth the world of work in which Canadians can expect to participate during at least the remainder of this century. This examination, which must have the status of a royal commission, should transcend provincial borders for it affects all of us."⁵⁶

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Reuben Baetz in "Work and Well-being", Fifty-Fourth Annual Report, CCSD, 1974, p. 4.

Mobility

79. The mobility program of the Department of Manpower and Immigration is to a large extent a sub-part of the placement services of the Department. However it also involves an element related to training and other Manpower services through trainee grants and special travel grants. The mobility program does not represent a large budgetary item - \$11½ million in 1973-74 - but it has grown rapidly and claims \$12 in benefits for every dollar invested. The number of workers assisted has grown from 5,757 in 1967-68 to 11,019 in 1973-74. About two-thirds of the budget for this activity goes for relocation grants which enable workers who are unemployed, under-employed or about to become unemployed to move to areas where their skills are in demand. The average relocation grant in 1974-75 is estimated at \$667.⁵⁷ Given that the grant may cover a variety of expenses - a preliminary examination allowance, actual travel costs of the worker's family and personal effects, a re-establishment allowance based on the number of dependents, and an allowance to assist in the purchase of a new home - the average grant is quite low and suggests among other things that moves are over a relatively short distance. Indeed, it has been estimated that 80% of all relocations are within the same province.⁵⁸

80. Activity under the mobility program covers only a small amount of the geographic movement that takes place in the Canadian economy. It has been estimated that the 7500 persons receiving relocation grants in 1969-70 represented less than two percent of all families that move.⁵⁹ It is quite likely that moves assisted by private employers far outnumber publicly assisted moves.

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Department submission, "The Employment Service", op. cit., Table 2, Appendix.

58

R.A. Jennes, "Manpower Objectives, Market Information and Mobility Incentives", Meeting of Canadian Labor Economists, Feb. 25-27, 1971, Queen's Univ., p. 10.

59

R.R. Kerton, Active Manpower Programs in Canada, op. cit., p. 60.

81. The limited data available suggest that those who move under the program are the most likely to succeed in the labour market in any case: "since the 'successful' relocatees were also approximately the most successful workers before their move, the true net effect of the mobility program must be gauged with care".⁶⁰ Moreover, there is evidence - admittedly somewhat dated - that the program has a low degree of incrementality. In a follow-up survey conducted in 1968, for example, 75 percent of movers between April 1 and June 30, 1967, indicated that they would have moved even without assistance under the mobility programme.⁶¹

82. There are of course fundamental political constraints in Canada on active promotion by the Federal Government of increased inter-provincial migration. The preferred strategy is a strong program of regional development whereby individual provinces can sustain their existing populations at adequate standards of living. Over and above the raw political arguments are the humane considerations in that dislocation incurs a psychological cost that cannot be measured but is nevertheless real. Finally, the role of migration as a beneficial adjustment mechanism in an economic sense can be over-rated. British Columbia, for example, has claimed that its relatively high unemployment rate despite an otherwise affluent economy represents to a large extent "imported" unemployment from other provinces. From the point of view of the sending province, the gains in terms of reduced unemployment may be less than they appear at first glance. There is a "ratchet" effect in that when individuals

⁶⁰ Gerald G. Somers, "Federal Manpower Policies" in Miller and Isbester, Canadian Labour in Transition, Prentice-Hall, Scarborough, 1971, p. 80.

⁶¹ *ibid.*, p. 81.

leave a province, other jobs are lost; e.g., in the service sector. One analyst has suggested that "for every five unemployed persons leaving the Maritime region, two people become unemployed".⁶² The net reduction in unemployment then is considerably lower than the gross figures indicate.

83. We recommend that the mobility program be expanded. We regard the claims of the Manpower Department regarding its effectiveness to be grossly exaggerated, even though the program's effectiveness relative to other Manpower programs appears to be high. Expanded public support of mobility must be directed more towards those who really need such assistance. Too much of current activity goes to those who are already highly mobile and able to take risks. We base our case for promoting an expanded mobility program more on humane than political or constitutional considerations. Adequate funds should be made available to facilitate individuals to move to other parts of the province or the country if they believe this will provide them with greater opportunity to find meaningful employment. In the process they will not only contribute to their own independence but make a greater contribution to society at large.

⁶² John Vanderkamp, "The Effect of Out-Migration on Regional Employment", Canadian Journal of Economics, November, 1970, p. 541.

Job-Creation

84. The job-creation activity of the Federal Department of Manpower and Immigration is a fairly recent innovation. The relevant programs are the Local Initiatives Program (LIP), Opportunities for Youth (OFY), and the Local Employment Assistance Program (LEAP). The programs were developed in most part under the pressure of economic circumstances - particularly rising unemployment. We regard them as a valuable addition of a greater social element in Manpower programs and would hope that they continue in revised form when economic circumstances improve. Even though we recognize the merit of the argument that job-creation as distinct from job placement is an inappropriate function of the Manpower Department we nevertheless believe that until other more appropriate agencies are created, the department should remain active in this field. Work opportunity programs emanating from the community and with a strong social service content constitute an important method of improving the average quality of jobs in society along lines suggested in our earlier section on a human development strategy.

85. Work opportunity programs are an important potential instrument to activate what is a more discriminating - but not reduced - work ethic among the young. Many of the young have spent a long number of years in the educational system - long at least by the standards of the attainment of the so-called "older" generation. On entering the labour force however they have become increasingly disillusioned with the discrepancy between their expectations and the limited meaningfulness of the work possibilities open to them in the conventional market. The large number of applications for work programs attests to a large "pent-up" demand for new and more socially oriented types of work. The cynics may view this large number of applications as only to be expected when "hand outs" are available from government. We feel however that this largely represents a preference for work over welfare or unemployment insurance.

86. Work opportunity programs are capable of offsetting to a significant

degree what we feel is a serious imbalance in other Manpower activities away from the most needy groups in society. Through these programs, the aged, disabled and heads of one-parent families - many of whom cannot cope in the labour market even in conditions of full employment - can make a significant and productive contribution to society and enhance their feeling of self-esteem.

87. A considerable degree of public controversy greeted the introduction of work opportunity programs. Many wondered what worthwhile projects were possible that were not already being provided for by the market, social agencies, or government. The fear was that, on the one hand, amateurs would compete with professionals for activities already being undertaken, or the content of the projects would amount to little more than traditional work for "relief" or "work for tuition" schemes. In our view, the programs have become increasingly accepted by the public so that success - admittedly qualified - can be built on.

88. We are not particularly concerned that evaluations of the work opportunity programs by the Department do not generate cost-benefit ratios as flattering as other Manpower programs. As noted earlier, the cost-benefit methodology has inherent biases against the more socially-oriented program. Flattering ratios will be obtained when individuals who need only a little bit of help are given that "extra push" which leads to stable employment. Where real risks are taken, however, the evaluation results based on efficiency criteria may be mediocre although this can be offset on equity grounds.

89. The most serious shortcoming of the existing job-creation program is the "open and closed" sponsorship of projects by Federal Manpower. Meaningful projects are initiated and often have to be cut off because there are no available sponsors for continuing the projects. Local governments often are not able or inclined to pick up the financing. The frustration for project participants is acute with the alternative - particularly in the case of LIP - being unemploy-

ment insurance, welfare or meaningless jobs.

90. There should be a shift then towards more flexibility in the term of projects. Termination dates may be set at the beginning of projects but these should be reviewed as the project proceeds with a final decision on termination or extension communicated as much in advance as possible. In addition, again particularly with regard to LIP, beginning and termination dates should not be restricted to a particular time of the year. This is a necessary development if programs are to become permanent and aimed not exclusively at seasonal unemployment but as well at the longer-term chronic unemployed. This is beginning to take place with the introduction of LEAP but should be expanded.

91. Work opportunity programs are not reaching the disadvantaged in sufficient measure. In the Opportunities for Youth program, for example, Departmental officials have indicated that in 1972 only 18.5% of participants came from families with income under \$5,000. At the other end of the income distribution, 8.8% came from families with \$25,000 plus income - almost twice the incidence of such families in the country at large.⁶³ It can be claimed that this simply reflects the inequities within the educational system, but the Department has sufficient room to compensate for this in view of the fact that project submissions exceed approvals by more than 2 to 1.

Further areas for improvement in program administration are promotion and streamlining of paper-work. While much is made of the fact that current projects are articulated from the community level up rather than from the federal level down, the neediest groups may be severely handicapped by this

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Submission by the Department of Manpower and Immigration to the Standing Senate Committee on National Finance, "Job Creation", Feb., 1975, p. 12.

mechanism which in other respects is quite desirable. The poor have the least ability to formulate project plans and to steer them up through the bureaucracy. The Federal Department, in co-operation with other levels of Government, should improve the promotion of work opportunity programs among the most disadvantaged. Moreover, the red-tape currently required in the way of application forms, bookkeeping, etc. should be simplified as much as possible in order to be less prohibitive to those groups which require the programs most.

92. Current administration should be de-politicized as much as possible. This applies particularly to LIP. The current formula for fund-allocation based on constituencies with "a little something for everyone" cannot avoid suspicions of "manure-spreading". Community panels with members selected on a representational basis should determine project selection.

93. The jurisdictional frictions involved in the administration of "job-creation" programs are horrendous. Within the federal bureaucracy, several departments are active in the field of "job creation": DREE, Health and Welfare, Industry, Trade & Commerce, Secretary of State, as well as Manpower. There is a need to consolidate these activities particularly for those that concern jobs outside the traditional industrial sectors. We have recommended before, and reiterate here, that work opportunity programs at the Federal level should be "administered by a special government agency not connected with any department, and reporting directly to a cabinet minister".⁶⁴

As between levels of government, considerable negative reaction has been created by what appears to be an "end-run" by the Federal Government in an

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Canadian Council on Social Development, The Future Course of Work Opportunity Programs, May, 1973, p. 18.

area that is more appropriately in the domain of local government. Traditionally the Federal Government has had the responsibility for guaranteeing full employment conditions in the economy. The provincial and municipal governments on the other hand have primary responsibility in the areas of recreation, education and social services. When the two responsibilities overlap, as they do in work opportunity programs, a jurisdictional rights question is inevitable. In our view, "job-creation" is a misnomer and continues to be used for diplomatic rather than substantive reasons. Existing co-ordination and co-operation between levels of government must be improved. Municipal governments, for example, regard LIP as just another politically inspired "winter-works" exercise and resent the demands placed on them to pick up responsibility for projects after the federal government "pulls out the rug". Ultimately we believe that work opportunity programs should be the responsibility of local authorities and governments. The Federal Government could determine provincial allocations of funds on the basis of objective need - as it does now under the equalization formula - but project selection and review should be undertaken by local authorities.

94. Some of the deficiencies in work opportunities programs as now practised appear to be addressed in the new "community employment strategy" first mentioned in the federal working paper on social security in Canada in 1973 and currently a subject of the social security review by Canada's Welfare ministers. The program seems to be aimed in many of the right directions - more inter-governmental co-operation, emphasis on the disadvantaged, close involvement of community based organizations, etc. We regret however that little information beyond the generalizations has been released on the program. Much has been made of community involvement in the program, for

example, but if this was a serious intent, such involvement should begin at the planning stage. The current social security review however is taking place strictly "in camera".

95. It has been indicated that the program "will be designed to assist the people involved in developing employment skills and to bring employers to adapt their employment practices so as to provide jobs for these people".⁶⁵ The importance of the latter cannot be under-estimated. There is still a strong "survival of the fittest" mentality in Canada which has been partly expressed in an unwillingness on the part of private employers to hire the disadvantaged. Employers have been allowed to get away with this because of government inactivity. Conditions of excess supply of labour have reinforced this attitude. When workers are in surplus, screening mechanisms such as education, physical handicaps, etc., are used that are quite unrelated to the requirements of the jobs concerned. Whether government will act - at least in terms of moral suasion, at most through legislation - remains to be seen.

96. The aim of the "community employment strategy" appears to be a more co-ordinated application of existing programs rather than the development of new programs. We are skeptical about the ability of existing programs even when applied in concert to provide meaningful employment possibilities for the most disadvantaged. We regret the small amount of resources being devoted to the development of new techniques in improving the employability of the disadvantaged, and the demise of innovative programs such as Canada Newstart.

97. On the basis of the fragmented evidence available on the community employment strategy itself, and Canada's previous record in this regard, we

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Communiqué from Meeting of Federal and Provincial Ministers of Welfare, Ottawa, Nov. 19 & 20, 1974, p. 4.

conclude reluctantly that what is evolving is substantially a variation on the "work for welfare" theme. The danger that the disadvantaged will be recruited either to provide cheap labour to private industry or to perform unproductive jobs on the public payroll is very real. The political inspiration for this may be of two types. First, embarrassing unemployment rates and welfare rolls would be cut down. Secondly, the strategy is a pitch to the conservative community to sell a guaranteed income scheme. The experience of the Family Assistance Plan in the U.S. suggests that attempts to satisfy all philosophical leanings may end up satisfying nobody.

IV. Some Observations on German Manpower Policies and Programs with Possible Implications for Canada

98. Any serious examination of Canada's manpower policies and programs inevitably involves such emotionally charged controversies and questions as Do our social security programs, including manpower, destroy personal incentive? Is the work ethic dying? Why are there so many job vacancies alongside high rates of unemployment? Why does youth especially appear to be so disenchanted with the work-a-day world? Why is there so much labor unrest, costly strikes with millions of lost man hours, and a growing attitude of 'dog eat dog'?

In sharp contrast to the crescendo of unsettled issues plaguing Canadians, West Germany seems to have found most of the answers. For several decades now, they have enjoyed virtually full employment along with low rates of inflation, a full-blown social security system alongside an apparently thriving work ethic, and management-labor peace without sky-rocketing wage settlements and strikes.

99. Hoping that Canadians might get some insights - or at least clues - from a first-hand study of the German experience, our Council, with the cooperation of the German Government and the Friedrich Ebert Foundation, organized a series of meetings in West Germany and Berlin during the first two weeks in December 1974. By design, the Canadian group of thirteen was invited from the key and divergent sectors of our society which would ultimately have to be involved in bringing about changes here in our manpower and related fields - members of parliament from the three major federal parties, representatives from the Canadian Manufacturers' Association, the Canadian Labour Congress, from the financial community, an editorial writer of one of our largest and most influential newspapers, senior civil servants

in Manpower and Immigration and the Unemployment Insurance Commission, and from selected provincial governments.

We had intensive, highly informative and frank discussions with many of our German counterparts - employers, labour union leaders, members of parliament, directors of the huge quasi-governmental health insurance and labour organizations, officials in the federal departments of labour and education, a president of one of the largest German banks, and some of the board of directors of the huge Mannesmannrohren-Werke steel corporation.

100. Not surprisingly, perceptions and above all value judgements by the Canadians of what we saw and how it might apply to Canada varied considerably according to our own backgrounds and biases. In presenting our own views as to what we regard as relevant and valuable for Canada, we would warn you of this degree of subjectivity. The views are our own and have neither been endorsed by our Council, nor would in every instance likely receive the approval of all of the members of our group who visited Germany. Nevertheless, there was consensus that many of the things we heard and saw were sufficiently important and relevant to be brought to the attention of Canadians interested in our manpower programs, policies and, above all, our growing number of problems in this field.

101. On one major subject, the Canadian impression was unanimous - the Germans do have a highly developed 'cradle to the grave' social security system which, in terms of comprehensiveness and rates of benefits, exceeds Canadian dimensions. While they do not speak of a 'guaranteed annual income' per se, the Germans do claim that everyone who wants it is guaranteed an adequate standard of living. This has been achieved through a combination of full employment, adequate wages and incomes (even though there is no minimum wage legislation), a generous universal non-taxable family allowances

program now at roughly \$55 per month for the fourth child, a needs-tested shelter allowance program and, as a last resort, needs-tested social assistance. Yet, in spite of this highly developed social security system, the work ethic is apparently flourishing. In response to our repeated questions on this subject, no one complained about Germans of working age not wishing to work, preferring to eke out a livelihood on the public dole. The sole exception continues to be the university students (as distinct from non-university students) who traditionally do not work during their extended careers as students and are neither expected to nor need to since their entire living expenses are paid for by the state. It also remains to be seen whether Germans would be ready to once again carry out the menial tasks now performed largely by the close to three million "guest workers" from Southern Europe, North Africa and the Middle East.

102. At any rate, the Germans have demonstrated that a comprehensive social security system can be compatible with a thriving work ethic. Indeed, their whole income security system is based heavily on work and the social insurance principle. Even the physically and mentally handicapped are assisted in finding employment by the assignment of compulsory quotas of handicapped workers to German employers in business and industry. The worker contributes substantially during periods of employment to pension, health and unemployment insurance funds and receives liberal benefits when the need arises. For example, the average non-taxable pension for a male is 66% of take-home pay. Health insurance pays cash benefits amounting to 85% of gross earnings for up to 72 weeks in addition to free medical and hospital care, including what might be regarded as luxury treatment at some of the famous spas.

103. In the manpower field, the striking difference between Germany and Canada is the basic approach to employment. While in Canada we have tended to concentrate on assisting persons after they have become unemployed, the West Germans emphasis is on employment promotion, and unemployment benefits are provided only as a last resort. This policy is reflected in the basic economic, monetary and fiscal policies designed to create full employment. As we have indicated earlier in our brief, this policy has not been followed in Canada with sufficient determination and unless and until we do so, our manpower programs will be "swimming upstream".

But even in the manpower and employment field itself, it is significant that our major effort - the centrepiece and most costly program - is the Unemployment Insurance scheme, whereas in West Germany it is the Federal Employment Promotion Act. Titles of programs are admittedly only titles, but here - as in many other cases - they do reflect basic objectives. The German Employment Promotion Act provides the framework for a wide range of programs, including vocational and employment guidance, placement of apprentices as well as full-time workers, vocational and rehabilitation facilities, and all the financial incentives to take advantage of them. Unemployment cash benefits are seen as only a last resort.

104. How much of the German experience can we adopt and adapt to the Canadian scene, and to our advantage? Some of the German policies and practices could be applied in Canada with nothing much more than a change in legislation or regulations. For example, we could, and should without further ado, introduce the German practice of providing higher cash benefits to the unemployed if they agree to undertake training than they would get if they chose to remain unemployed. The Germans pay 30% higher benefits in cases where it is felt retraining is to the advantage of the individual and the economy. Apparently the Minister of Manpower and Immigration, Mr. Andras,

has already publicly suggested that we should introduce this policy here in Canada. We should support him in this matter. Obviously, such a scheme would have to be administered with discretion. As we have noted earlier in our brief, training programs in Canada are often used merely to maintain income during seasonal lay-offs and re-entry to the labour force is not related to improved capabilities due to the training program. There are, nevertheless, countless cases where increased cash benefits could, and should, serve as appropriate incentives to retraining programs. This is particularly true where workers' skills have obviously become obsolete, or where an entire industry is in a state of decline.

105. We could also follow the German practice of encouraging unemployed workers to accept temporary jobs, even at less pay than they received in their previous positions by subsidizing their income from the unemployment insurance fund temporarily in order to bring their gross income up to the level of their previous earnings. The Germans will assist a worker in this way for up to three years. Our terms would need to be adapted to the Canadian and regional scenes, but the policy would undoubtedly be an improvement over our present 'all or nothing at all' approach in providing cash benefits to the unemployed.

We could also adopt the German practice of providing cash assistance to either the employees - or to the employers if this meant they would continue to employ the workers at least on a part-time basis. While again such a policy would have to be administered with discretion, it does seem that it would once again be an improvement over our current 'all or nothing at all' approach.

We could, and should, pursue far more aggressively the policy of facilitating participation by the physically and mentally handicapped workers

in business and industry. It might not be acceptable in the Canadian environment to impose on employers, as the Germans have done, a compulsory six percent quota of handicapped employees, or in lieu of that to impose a levy on the employer to be paid to the handicapped fund. Nevertheless, we could invent considerably more inducements than our timid efforts have produced to date in helping our handicapped to become usefully employed. We hear much rhetoric in Canada about bringing the handicapped out of the institutions and isolation into the mainstream of society. There is no better way of doing so for many of them than to assist them in becoming gainfully employed. Not only does this help them in achieving greater independence and self-esteem but, as the Germans have found through experience, many of the handicapped are highly productive workers.

106. These are only some of the German policies and practices which we believe could be introduced and adapted with advantage to the Canadian scene without major changes. There are other German policies which we feel would be beneficial and eventually may be essential in our manpower planning. These would require some basic organizational changes in the delivery system of our manpower programs and ancillary services. Obviously, in a brief of this nature, it would be impossible, and indeed inappropriate, to present detailed proposals. The intent here is simply to urge you, and others who have the resources, to examine the proposals in greater detail.

107. The first proposal would be to take what steps are required to bring about the greater integration of those services now being provided by the Department of Manpower and Immigration and the Unemployment Insurance Commission. All of us were impressed with the manner in which these programs have been integrated within the German Labour Institute. To the individual

who needs help - whether in forms of cash benefits, placement services, training or whatever - all of these are generally part of the same process. Therefore, if the needs of the individual are integrated, why should we segregate and departmentalize the delivery of the benefits for which he or she is eligible? We pay lip service to recognizing this integration by having one minister responsible for both manpower and immigration and the Unemployment Insurance Commission. But a dual system operates between the minister and the beneficiary. We should not be misled in believing that collaboration and cooperation between the Department and the Commission is all that is required. What is necessary is case integration and a first essential step towards that must be an integration of the two organizations. The debate as to the extent to which the unemployment insurance program and manpower services should be separated or integrated is an old one in Canada. But that should not preclude us from again examining the subject thoroughly because in developing social policies, it is a known fact that the human scene is a constantly changing one and organizations meeting human needs should also be ready to change. There is also the constant hope that we can learn by past mistakes and make improvements. We are aware of some of the arguments against greater integration of the two programs and case integration, one being that it places a great deal of responsibility (and power) in the hands of one person within the department. The fear is that if the client does not accept the recommendations of the official for retraining, relocation, etc. he may be denied cash assistance. The danger is real, but adequate appeal procedures can protect the person seeking help.

In moving towards integrating our manpower and unemployment insurance programs, Canadians might also be well advised to examine thoroughly and critically the possibility of establishing an autonomous, self-governing,

nongovernmental body such as the German Federal Institute for Labour to provide these services. We hear everywhere in Canada alarm expressed at the constant growth of governmental bureaucracy, especially at the federal level, with its chief characteristic a remoteness from the people and the difficulty for citizens to participate in the management of their own affairs. If we are serious about these objectives, the Federal Institute for Labour in Germany provides us with a structural model (with obvious adaptations necessary for Canada) that we should not reject without serious consideration. The Federal Institute is not part of the central government, but in legal terms is a self-governing public law corporation. The Institute - both at headquarters and its branch offices - is essentially governed on a tripartite basis by those who consume its services, namely the employees, the employers and the general public. It is thus far more directly responsive to those it serves than is the case here in Canada where the services are provided by a remote bureaucracy and central government.

108. In general, the organizational pattern of employment administration chosen in the Federal Republic, i.e. that of a self-governing public corporation subject to government supervision, seems to offer a successful synthesis. Firstly, it has the advantages of autonomy, i.e. rapid and free-handed control of the system's own revenue and greater interest on the part of the employers' and workers' organizations since they are directly involved, and secondly the government can be reasonably certain that the manpower policy measures of the Federal Institute will be in line with the principles of government economic and social policy.

109. Another service now provided by the Federal Institute which Canadians should seriously consider making part of our expanded and integrated manpower program is vocational guidance and counselling. Some would regard

this proposal as rank heresy for it is assumed that vocational guidance is part of our educational system. As a result of tradition and common practice, or by arbitrary definition, this may be so, but an equally strong argument can be made - and the West Germans have traditionally made it and practiced it - that vocational counselling is an essential part of the manpower program. The Institute stresses both aspects of vocational guidance - namely advising young people and adults on all matters regarding choice of occupation, i.e. the social and educational policy aspect, while also paying due attention to the labour market situation and its future trends. Vocational counselling for school leavers makes up the major part of the work in the field of vocational guidance. A large percentage of young job hunters use the vocational counselling services before they enter working life. Where those seeking advice opt for vocational training in a training centre, the counselling service helps them to implement their decision by finding them trainee jobs. Although vocational counselling for adults still seems to play a relatively minor part, an increasing number are using that service. Vocational and career counselling as an integral and an essential part of Canada's manpower services is ~~something~~ that should be seriously considered.

Vocational guidance and career counselling can, of course, only be useful to the extent that a sufficiently wide choice of career opportunities actually exists. This, unfortunately is not now - and has not been - the case in Canada, particularly among non-university graduates. To enhance the expansion of non-academic vocations and careers, with attendant educational and training requirements which would bring them status and a good income, will require considerable change and innovation in both our educational systems and places of work. Through a centuries-old apprenticeship system in which both employers and educators have participated, the whole range of

vocations and skills, accompanied by prestige, has been developed in Germany. Although we have made some advances in the post World War II period, through a crash program of building community colleges, we have not given this whole sector of education, training and career development the attention it - and the people involved in it - deserve. Caught in the wave of rising aspirations, parents, children, politicians and planners in Canada have tended in the last twenty-five years to stress too much university education and have tended to regard it as the major avenue to a satisfying career with attendant prestige and income. Anyone opting for anything else tends to be regarded as at least a partial failure.

110. In order to facilitate the anticipated influx of aspiring youth, we have concentrated on building universities. Having invested so heavily in capital expenditures, we feel we must now "utilize our investment" by encouraging the admission of enough students to keep the universities occupied at at least their present level. In order to do so, the tendency has been to lower admission standards. The results have been disappointing for far too many and especially the liberal arts graduates. Their academic degree is an inflated one in terms of its likelihood to command traditionally commensurate positions. Disillusionment with employment opportunities has resulted and the dissatisfaction and search for meaningful work is everywhere apparent. Indeed, the most recent studies indicate that the most serious dissatisfaction and boredom with jobs is not the blue-collar worker on the assembly line, but the liberal arts trained university graduate in the bureaucracy, whether in government or industry.

While our investment in the university education has been disappointing in terms of individual, social and economic satisfaction, the non-academic graduates of secondary and post-secondary institutions are also having their problems. They too are finding difficulty in obtaining positions

which utilize their training and the result is a very high degree of job turnover. The whole field of education, training and career choice is in a state of morass in Canada. While it can be - and is - argued that "education is a provincial affair", it is equally valid to claim that education and training is an essential part of manpower planning. Therefore, unless and until we bring our education programs and facilities into greater harmony with the labour market and manpower requirements, we will continue to drift. The time for constitutional buck-passing and making youth the scapegoats for being dissatisfied with the status quo is over.

111. In contrast to the Canadian emphasis on university education, the Germans are obviously pursuing a policy of restricting entrance to universities to ensure that not only the supply of graduates does not exceed future demand, but also that only the most academically qualified are admitted in the first place. That policy, of course, requires equal emphasis on developing training and careers in the non-academic world for those youth who cannot enter the universities. We must, of course, adapt our programs, priorities and institutions to the Canadian scene but in this whole field we could not help but be impressed with what we saw in West Germany.

112. Finally, a few general observations on the Germany labour-management relations which will have some relevance to the Canadian scene. We, like other nations, have been looking with some envy at industrial peace, high productivity, high profits, low rates of inflation and unemployment which have prevailed in Germany. It stands in sharp contrast to the spirit of confrontation currently existing in Canada between labour and management, and especially between labour and management in the public sector. Almost everyone seems to be fighting for all they can get and the

prevailing mood is that perhaps best described recently when the lawyer for the Ontario Secondary School Teachers Federation exhorted them to "damn the ethics" and feelings of compunction which they might have about honoring their contracts.

113. While we might envy labour peace, low unemployment and inflation, these conditions cannot be exported from one nation to another. Social institutions and social policies not only influence the future but are - to a very considerable extent - the fruits of a nation's economic, social and political history. No doubt the sense of unity and solidarity ("einheit") which is so striking in Germany today grew out of a common determination to rebuild their shattered country after World War II. Likewise, the dread of inflation and unemployment which pervades the German people - including even young school children - has its historical roots in the periods of devastating rates of inflation and massive unemployment which ravaged Germany in the days of the Weimer Republic in the 1920's and early 30's, and eventually led to the tragic Nazi Regime. With the almost paranoiac dread of inflation and unemployment, the German politician can today with impunity - and indeed must, if he wishes to survive - take stern temporary measures which might be politically suicidal in Canada, in order to keep both unemployment and inflation in line.

While it is correct to say that some of our inflation is beyond our control, much of it can be controlled by government if the public will is strong enough to accept some short-term austerity in the interests of long-term security. Enough West Germans individually, and collectively through their trade unions and other organizations, are prepared to show far more constraint than apparently is the case in Canada over the short term to protect themselves over the long haul against inflation and unemployment.

114. Similarly, the policy of 'co-determination' which has been so successful has been more of an accident of history in West Germany than some carefully planned innovation. The essence of co-determination is that the board of directors of corporations shall consist of ten members named by employers or shareholders, ten named by employees and trade unions and a neutral chairman agreed upon by both groups. The policy has been in effect in the iron, coal and steel industries since 1951 as prescribed by the federal law. It is the direct result of a decree issued by the British occupation authorities in order to break up the power that was concentrated in the owners of those companies, many of whom had supported and made possible Hitler's rise to power. The concept has been so successful in the iron, coal and steel industries that a bill has recently been introduced in the Federal Government of West Germany to extend it to all industries employing more than 2,000 workers. Co-determination is anathema to many traditionally minded employers. It is also rank heresy to doctrinaire socialists and communists because it does not take the tools of production from the capitalists since it only insists that since capital and labour are the two essential ingredients of any enterprise, labour must share equally with the capitalists in managing the affairs of that enterprise. To many, however, co-determination is the happy medium between pure socialism and unbridled capitalism. Measured by every criteria - successful management, high productivity, good return on investment, excellent management and employee relationships (there have been no strikes in those industries managed under this concept), co-determination is an outstanding success. The bill extending co-determination to other large industries will likely pass since unions are solidly in favor and two-thirds of the West German federal cabinet ministers are unionists. It is a concept of management that we will be well advised to observe closely for it may well be the wave

of the future in the Western world. It opens the way for the type of industrial democracy and human development on which we commented in Section 2 of this brief.

115. In conclusion, the German manpower employment programs and policies provide many useful clues for application to the Canadian scene. Some of them are merely of the face-lifting variety and could be applied immediately simply with changes in regulations or legislative amendments. Other policies would require fundamental changes in attitude before they could be reflected in legislation, organizational and structural change.

Foremost among changes in attitude - as we have tried to stress - is the need to promote employment and career possibilities for Canadians and regard unemployment cash benefits only as a last resort. This objective cannot be achieved by manpower policies and programs alone, but requires changes in priorities of economic, monetary and fiscal policies as well. We are not even prepared to quarrel with the observation made by the Canadian Manufacturers' Association delegate on our Germany visit when he said "Perhaps the coming months will also show that the German social security programs have something in common with ours -- that government programs have a tendency to work best when they are least needed."

Unfortunately, because the market economy for a variety of reasons has not provided enough opportunities, government has been forced to intervene. All too often intervention has been provided through an ever-growing, ever less responsive and unwieldy bureaucracy, controlled by a remote government with increasing dissatisfaction by the employers, employees and the general public - the tax payers. The time is overdue, we believe, for Canadians to invent some more efficient, more responsive and more democratic institutional model to deliver human services. While many of us preach greater citizen participation with eloquence, practice demonstrates a bankruptcy of concrete structural proposals. For at least

half a century, Canadians have not invented new models to deliver services other than government extension. It is for this reason that we would urge the policy-makers to seriously look at the West German model of the Federal Institute of Labour.

The objective of providing not only more job opportunities, but bringing greater personal satisfaction in jobs and careers to Canadians, is obviously a vast and complex one. Nevertheless, it is of central concern to manpower planning and without dealing with this broader question, much of manpower planning is superficial. It is becoming increasingly obvious that there is currently in Canada an atmosphere which reeks with the stench of social dissatisfaction in the manpower field. Numerous strikes - causing millions of lost man-hours and creating public havoc and acrimony - are manifestations of unrest, much of it no doubt based on legitimate inequalities. But these, in turn, feed the fires of discontent, radicalism and polarization which quickly race beyond the control of responsible leaders in government and organized labour and a confused and angry public. (The current Secondary School Teachers' strike in the Ottawa district is the latest example of events which have gone far beyond the control of organized labour and is causing its leaders thorough embarrassment.)

The extent of economic and financial losses due to strikes is a subject which we will leave to the economists and others more qualified to debate; but we know that the widespread indiscriminate use of the "ultimate weapon" - the strike - accompanied by unreasonable demands does not contribute to social development but to social disintegration. It is both the result of, and contributes to, a serious social disease that must be diagnosed and treated. While the subject, as we have said, is broad and

complex, an obvious point of departure for its examination is manpower planning in the broadest sense of the word.

No society or nation can survive without a strong sense of solidarity, interdependence and feeling of equity among all sectors of that society. It may well be that during the last decade, Canadians - for good and just reasons - have been so occupied with our bilingual and bicultural factors which threatened to disrupt the solidarity of our country that we have paid insufficient attention to other equally disruptive forces such as those of inequality in jobs and careers, wages and incomes (in spite of increases in minimum wages, their relative position to other wages and incomes never improves), and inability to humanize the workplace and enable more participation in management by all employees, either individually or collectively through their trade unions. The German experience has clearly demonstrated that as participation in management increases, some of the traditional spirit of confrontation disappears and trade unions become as much preoccupied with the public good as with their membership.

Obviously, we cannot import values, systems and institutions "holus bolus" from other countries which would lead us to a more inter-dependent society here at home. Even West Germany - with all its success stories - has its own share of skeletons in the closet, such as the social problems of its millions of "guest workers" who live in the twilight zone of landed immigrants and foreigners. Nor is the rate and degree of participation by women in their labour force - now lower than Canada's and lower than theirs was fifty years ago - something which we should emulate. Nevertheless, we do believe that West Germany - and for that matter, Western European nations - have useful clues for us as we seek to, at long last, seriously grapple with our manpower programs and policies which have been

allowed to deteriorate too long and with which we have tended to deal through an ad hoc, band-aid approach.

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GOVERNMENT
Publications



FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

Issue No. 13

WEDNESDAY, APRIL 16, 1975

Eighth Proceedings

“The examination of the Estimates of the Manpower Division
of the Department of Manpower and Immigration for the fiscal year
ending the 31st of March, 1975

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio member*

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Wednesday, April 16, 1975

(13) (8)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 3:30 p.m.

Present: The Honourable Senators Everett (*Chairman*), Benidickson, Carter, Croll, Hicks, Langlois, Neiman, Prowse and Robichaud (9).

Present but not members of the Committee: The Honourable Senator McNamara.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witness was heard:

Mr. W. Coke, Vice President, Manpower Temporary Services

In Attendance:

Mr. J. H. M. Cocks, Director of Research and Administration;

Mrs. Barbara Reynolds, Research Branch, Library of Parliament;

Mrs. Helen Small, Parliamentary Centre.

At 5:30 p.m., the Committee adjourned until 9:30 a.m., Thursday, April 17, 1975.

ATTEST:

Georges A. Coderre,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Wednesday, April 16, 1975.

The Standing Senate Committee on National Finance met this day at 3.30 p.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Douglas Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, today we are continuing our hearing on the Manpower Division of the Department of Manpower and Immigration. We are fortunate to have with us Mr. William J. Coke, who is Vice-President and General Manager of Manpower Temporary Services and of Driver Leasing Services. These organizations have 42 service offices coast to coast and they have been in operation since 1956.

In addition to his business activities, Mr. Coke is the immediate past president of the Canadian Association of Temporary Services, a member of the advisory council of the Unemployment Insurance Commission for Metropolitan Toronto, a former director of the Personnel Association of Toronto, and on the board of governors of the Society for Crippled Civilians.

As you know, part of the problem we face in examining Canada Manpower is its relationship to the private placement agencies, and we expect that there is a great deal to learn about the operations of Canada Manpower from the viewpoint of those in the private placement field. I cannot think of anybody who is more qualified to speak on that subject than Mr. Coke. Mr. Coke has indicated to me that he has an opening statement, so with your agreement I will ask him to proceed with his opening remarks.

Senator Robichaud: Do we have copies of Mr. Coke's brief?

The Chairman: We do not have copies but perhaps I can arrange to have copies made and distributed as quickly as possible.

Senator Robichaud: I think we could follow from a copy.

The Chairman: Would you like a copy made for your own use?

Senator Robichaud: I will take notes as we go along.

Senator Croll: This is most unusual—a government department without a million copies.

The Chairman: Honourable senators, since Senator Robichaud will be the lead questioner, I will give a copy to him and perhaps we can try to get copies for others.

Mr. W. Coke, Vice-President and General Manager, Manpower Temporary Services: Mr. Chairman and hon-

ourable senators, I sincerely appreciate the opportunity presented to me this afternoon to appear before the Standing Senate Committee on National Finance and to participate in the study related to the work of the Manpower Division of the Department of Manpower and Immigration.

There is little doubt that one of the major problems facing our nation today is in the area of employment, or, really, the lack of it. We are facing the highest rates of unemployment for many, many years, and this is indicative of the fact that this is a national problem for which no totally effective solution has yet been found. Obviously, the concern permeates throughout both the private sector and the public sector.

One interesting factor, in Canada, in the case of high unemployment, which is very often overlooked, is that unemployment does not necessitate an over-abundance of skills. Quite to the contrary, there have, over the past decades, always been considerable shortages in a number of skilled areas and we are facing that situation today. While the nature of such skill shortages tends to change, the fact that they exist is significant.

Present government programs, particularly those administered by the Department of Manpower and Immigration, represent efforts, and expensive ones at that, to improve the long term role of man as an economic resource and benefactor in Canada. The budget of the Department of Manpower and Immigration in the fiscal year 1965-66 was approximately \$236 million and rose over the next ten years to a high of approximately \$750 million.

In these opening remarks, I would like to submit some philosophical considerations and then conclude with some explanations of some of the services that are operative in the private sector and then hopefully with some recommendations for your consideration.

I would submit the view that in an era of social complexities and advanced technology, our commonly accepted concepts of work, leisure and poverty, are no longer completely valid. In addition, this point of view would also suggest that solutions do not lie in replacing the role of the private sector by publicly administered programs. There is still overpowering evidence that the free enterprise system still represents the best methodology for generating wealth. The government's role in ensuring economic growth surely should emphasize the encouragement of the private sector.

While I could be accused of oversimplifying, I would like to submit that the needs in terms of manpower resources can be considered in two broad categories. The first one is concerned with ensuring the availability of qualified skilled manpower for the economic sector. In other words, it is employer oriented.

From a utilization point of view, the employer goes through the following basic procedures in acting to meet such needs:

1. He forecasts skill requirements.
2. He acquires skills through hiring or training.
3. He maintains such skills through hiring or training.

The second category is employee oriented and here the basic steps are:

1. Skill acquisition.
2. Identifying suitable employment opportunities.
3. Being hired.
4. Skill upgrading and updating.

These two categories can be defined in a different way. The first one is economic and the second one is social.

The first should be governed by the requirements of the economy across the country. Private industry historically has usually been able to obtain qualified personnel when they are available. Many of the training programs operated by industry are excellent and provide an effective way of maintaining the necessary skills through upgrading and updating programs. There are a number of private agencies which provide service related to the acquisition and training of skills. Such services appear to have gained the confidence and respect of the business community. The fact that their growth has not been adversely affected by so-called competition from the Department of Manpower and Immigration is, in my judgment, an indication of their effectiveness. This is particularly relevant when we consider that the business community normally has to pay for these services which it can supposedly get free of charge from the Department of Manpower and Immigration through its local facilities.

If we go on the premise—and it would appear to be realistic to do so—that government should step in only if there is a void where no service is available, or that it can provide a service more economically than the private sector, then the role of the government through the Department of Manpower and Immigration in assisting employers in the process of developing and acquiring skills cannot in my judgment, in all areas be justified.

In general principle, the role of the public sector should be complementary to the role of the private sector. This implies that in terms of service to employers, a good case could be made for the elimination of some but certainly not all of the services that are now provided by the Manpower Division of the Department of Manpower and Immigration. As far as the social dimension is concerned, there certainly appears to be a most valid need to provide such functions as, educational programs, training programs, counselling, mobility programs, and certainly special programs related to the disadvantaged and chronically unemployed.

Before proceeding much further—and this may be somewhat presumptuous—I would like to make some specific comments. I can only assume that I was asked to appear today because I have been involved in the employment function in the private sector for a number of years. In the last ten or twelve years, my primary concern has been mostly related to the temporary help industry. I have served as President of the Canadian Association of Temporary Services, and I have been involved with APAC. The Canadian Association of Temporary Services is a trade association representing the industry in Canada coast to

coast and probably represents about 80 per cent of all the business done.

The Chairman: Did you tell us what APAC was?

Mr. Coke: The Association of Permanent and Professional Placement Associations of Canada. This is really the trade association which represents the private placement agencies.

There is still some considerable misunderstanding, and I would be the first to admit this, as it relates to three types of operations which are commonly present in the private sector and I would like to take just a moment to explain the difference.

In its simplest terms, a temporary help service is an employer. The temporary help service markets its services and recruits individuals in the marketplace, in many cases trains individuals in various skill areas, employs the individuals and assigns them to its clients on the basis of the client's need. There is, in the case of the temporary help service, an employer-employee relationship which is complete. The temporary help service makes all mandatory contributions on behalf of the individual employee, including, but not limited to, contributions to unemployment insurance, Canada Pension Plan, workmen's compensation, and so on. The employer-employee relationship has been determined in many jurisdictions not only in Canada but throughout the world and the temporary help service reserves for itself the right to promote, hire, fire, and discipline where necessary.

Temporary services run the full gamut from providing a secretary for four hours in the evening, to providing a salesman for two weeks on a special promotion, to a crew to unload a boxcar, to hundreds of people involved in a computer conversion on a project basis.

On the other hand, employment agencies, or private placement agencies, are normally fee charging agencies operating in what I would call the broker sense. They recruit individuals who are referred to prospective employers on the basis of job requisitions or orders. If a placement is made, the agency charges a fee for providing that service. There is in that case no employer-employee relationship. Most employment agencies operate on what we call a contingency basis. The rates for services are normally established on the basis of a percentage of the first year's annual income. Competition within the industry normally maintains service charges at rates acceptable to clients.

Executive search is really an upper echelon consulting function in which the executive search firm takes an assignment to locate an employee for the client. Consulting fees are charged to the client for this service the same way fees are charged for any consulting service. Normally, executive search firms operate only in the search for senior people. Many of the major consulting companies in Canada operative in the general consulting area, have what we call executive search divisions which specialize only in this service.

In the case of private placement agencies, the activity is governed by provincial statutes. If my memory serves me correctly, all provinces do have acts which require the licensing of employment agencies and certain legislation which governs the operation of such agencies. Employment agencies are operative in all provinces with the exception of Saskatchewan where, as I understand it, the operation of employment agencies, as such, is currently illegal.

Possibly one significant comment in this connection might be that in no case that I am aware of, as it relates to temporary help service, employment agencies or executive help agencies, are any fees charged to employees. The entire cost of the operation is supported by fees or service charges paid by employer clients.

There are other kinds of private organizations that do other services. They provide services for example, related to resumé writing. There are others specializing in certain types of counselling services, psychological appraisal, et cetera. In both these latter areas, I would like to commend the Department of Manpower and Immigration for doing a much improved job, particularly with younger people and new entrants to the labour market.

There are some other types of counselling organizations which deal with particular kinds of problem areas. One that comes to mind is Forty Plus, an organization in Toronto that has worked very successfully in terms of results with dislocated executives over the age of forty.

At the present time, the referral service of the Canada Manpower Centres is only available to temporary help services who do not have a connection either directly or indirectly with an employment agency operation. The concept here, as I understand it, is that the referral service should not be made available to any organization that is, in essence, making a profit on the referral of individuals. Temporary help services do have available to them the referral service because they have been recognized as employers the same as any other employer.

There was a pilot project a few years ago which involved a number of private placement agencies and the referral service of the Canada Manpower Centres. As I understand it, this pilot project was not a success even though I would have to say that there are those in the private placement organizations who feel very strongly about the fact that the referral service should be available to them.

I would be remiss, I suppose, if I did not mention that one of the problems that has continued to exist throughout the years and seems to be still present is the fact that there are numbers of individuals in the public sector who do feel strongly about the fact that the employment function in Canada should be vested with the public sector on a unique basis. There are those of us who feel strongly the other way. I was personally very concerned recently when I attended a meeting of an Advisory Council of the Unemployment Insurance Commission for Metropolitan Toronto. A statement was made by a senior staff member of the Department of Manpower and Immigration which went as follows:

I want to see the elimination of all fee-charging agencies.

I do not really believe that this statement reflects the attitude of the policy-makers in the department. Agencies have grown because employers are prepared to pay for this service, and there is validity to the service or it would not have survived and grown. Before concluding, I would like to make a few observations and recommendations which, hopefully, are pertinent to this particular study and your thoughtful consideration:

1. Recently the Hon. Robert Andras, Minister of Manpower and Immigration, in a speech delivered in the province of Newfoundland, referred in that speech to the necessity of jobs which give individuals a sense of satisfaction or self-fulfilment. No one could disagree with this in concept. However, recently in Toronto, a

senior staff member of the Department of Manpower and Immigration indicated to me that the sense of satisfaction was much more important than anything else, and that recently, the department had suggested to a number of applicants that they should not take a job that paid approximately \$300 a week, because the working conditions were not good, and there was a health hazard of a kind. It was a sand blasting operation. I would suggest to the senators, and the department that the decision of that kind should be made by the applicant, not by the department.

2. I would suggest that there could be a further study made on the operation of the casual centres which are located by the department in a number of the major centres around the country. I understand a study was made some time ago which indicated that the majority of the referrals made from the casual centres in the industrial areas were to employers who paid off in cash. If that is the case, this is encouraging an obviation of the law and is an unfair practice as it relates to the employees involved—for example, there is no contribution paid by the employer for unemployment insurance, no contribution made to Canada Pension, and so on. I believe that Mr. Manion, Senior Assistant Deputy Minister of the department, recently indicated to this committee that the department could be much more competitive with the private temporary help services if the department were permitted to become an employer. Again I would like to make the point that it really serves no useful purpose, again in my judgment, for the government to get involved in programs which are now being adequately handled by the private sector.

It has been suggested by numbers of people in the private sector that the Department of Manpower and Immigration should seriously consider removing itself from the executive and professional placement field. Senior executives, who are dislocated from the employment market, do not normally utilize this service. They prefer to use their own methods, which very often includes working with executive search groups, through friends, and other means. It really boils down to a question of whether the Department is looking for areas to compete, or whether they are really looking for areas of service which are really vitally needed.

4. The programs of the Department of Manpower and Immigration in the training field have been making and continue to make a marked contribution to individuals across the country. I believe this can be said as well as it relates to the mobility programs as I understand it have an excellent cost benefit ratio. If anything, it has been suggested by some that there is a need to increase this part of the operation to include more individuals, particularly those with skills which have become redundant because of technological obsolescence.

5. I and a group of my fellows have been asked to further recommend that the department should work more closely with employer groups to determine the validity of certain of the outreach programs, particularly so there is little or no possibility of an involvement in a program which is already being well serviced by the private sector.

6. It appears, at least superficially, that there should be some way to merge the operations of the Department of Manpower and Immigration and the Unemployment Insurance Commission. While the two operations are

certainly working more co-operatively and effectively than they were a few years ago, there is still a lot of duplication of effort and extra expense. Ideally, if a person has an employment problem which is related to services to the government he should be able to go to one organization where his or her needs can be met.

7. While many individuals and groups have criticized the benefit program of the Unemployment Insurance Commission, those knowledgeable of the situation are not critical really of the benefits, but of the administration. The commission is to be congratulated because of the ongoing programs in the area of benefit control. If anything, the benefit control program should continue and on an accelerated basis.

I would like to thank the honourable senators for this opportunity to discuss some of the areas of concern to the private sector. It is an extremely complex subject and there are no simple answers. I would be most pleased to answer any questions or enlarge on any of the comments that I have made. Thank you very much.

The Chairman: Thank you, Mr. Coke. Senator Robichaud.

Senator Robichaud: Mr. Chairman, I personally certainly agree with Mr. Coke that this is a complex problem and one to which we are endeavouring to find solutions. I do not know who from your agencies prepared this, but the first three pages are all right. I do not know if it was prepared by one of your trained personnel.

Mr. Coke: They must have called a competitor.

Senator Robichaud: In my opinion, your submission is very comprehensive and most subjective. You made a statement at one point that possibly one agency, that is the public agency, the Department of Manpower and Immigration, could or does complement your operation, or vice versa. Do you agree with that?

Mr. Coke: I agree with the statement, that I think in essence there is a major role for the Department of Manpower and Immigration to play in the total employment function in Canada. There is also a valid role for a number of private organizations to play and these, in essence, should complement each other and work together toward the common goal of getting more people effectively at work in Canada.

Senator Robichaud: I intend to return to that point. However, in the meantime I would ask you, when you made the statement contained in the second page that the budget of the Department of Manpower and Immigration in 1965-66 was approximately \$236 million and over the next ten years rose to \$750 million, it seems that you want to leave the impression that the Manpower Division's budget alone rose to that figure. However, that figure includes the Immigration service. You did not wish to mislead us by those figures?

Mr. Coke: I apologize for that, Senator Robichaud. Those figures were provided to me as public information by the Treasury Board and are approximate. As I recall, the actual budget of the Immigration service in terms of total dollars is marginal compared with the figure for the Manpower Division.

The Chairman: The budget we are considering for the fiscal year ending March 31, 1975 is \$655 for the Manpower Division.

Senator Hicks: Not including the Immigration service.

The Chairman: Not including the Immigration service. That is, for the division we are considering the figure is \$655 million.

Senator Robichaud: Then the figures on the second page of your submission are definitely misleading. Both the private and the public sector are complementing each other, which I believe is right, because I believe in the system of free enterprise and in what you are doing. We were given figures a short while ago indicating that during a recent 12-month period the total number of your association's members, which is 356 or thereabouts—

Mr. Coke: That conceivably could be correct.

Senator Robichaud: However, that is immaterial. You have been able to place between 50,000 and 60,000 people during the last year. At the same time the federal Department of Manpower and Immigration was able to place approximately one million people. Now, who complements the other? First of all, do you agree with the figure that all your companies could place between 50,000 and 60,000 people during 1974? Is that a fair approximation?

Mr. Coke: If that was a figure provided by the association for private placement agencies—

The Chairman: I think the figure was provided by Mr. Manion in his evidence before the committee. I believe he said that the private placement agencies placed around 50,000 to 60,000, and Canada Manpower placed about one million.

Mr. Coke: For purposes of discussion, I would accept that, but I would like to qualify it in one further way—only because I did mention the temporary help services as well. There were probably in excess of 150,000 people employed by temporary help services across the country.

Senator Croll: The 50,000 to 60,000 were in Ontario?

The Chairman: No. The 50,000 to 60,000 are private placements, excluding those which would come under the heading of permanent help. Excluding temporary help: I think that is what the witness is saying.

Mr. Coke: There would be a third figure—

Senator Prowse: The number of people placed in permanent jobs?

The Chairman: Yes, permanent jobs.

Senator Prowse: The other one is where the agency is the employer.

The Chairman: One must bear in mind that the criterion of the permanent job, so far as Canada Manpower is concerned, is I believe one week. One has to bear that in mind.

Mr. Coke: There would be one other figure, which unfortunately is not available to me, in the sense that a fairly substantial number of placements were made by executive search companies. But it would be marginal in terms of total numbers.

Senator Hicks: This was in addition to the 50,000 or 60,000?

Mr. Coke: Yes. I would guess that there were certainly placements made by the private placement agencies in the

order of 60,000, 65,000. There might have been another 5,000 or 10,000 placed by executive search companies, and probably another 150,000 people, give or take something, who were involved as employees of temporary help services.

Senator Hicks: Remembering something that Mr. Coke said, that no fees are ever charged to the employee, and so on, is that true in the executive search situation as well? I had an idea there were companies that would attempt to place an executive, and so on, and they would charge fees to him. Perhaps you could dispose of that question quickly.

Mr. Coke: There are some organizations, very limited in number, which provide a service to dislocated executives, which involve a service which says, "Here is how you actually go about looking for a job." There are very few companies involved in that. They do not offer a placement service, because that would be illegal.

Senator Hicks: But they might legitimately charge some fee for orienting a person to the job-finding situation that he wants?

Mr. Coke: That is correct. If I might digress for a moment to mention a company like Forty-Plus in Toronto, they have been very successful, and they charge, in that case, a fee to the individual. I think it is a well-known fact that if someone is dislocated, who has been with an organization for some time, the shock of termination is a traumatic experience. These people are put through a process which brings them back, in terms of confidence in themselves as individuals, takes them through a whole role-playing kind of system, and they do assist each other in the location of jobs; but there is no charge for the actual placement in the job.

Senator Robichaud: Do you speak for all of the companies? They do not charge fees to the employee in all cases?

Mr. Coke: I am unaware of any.

Senator Robichaud: I heard this morning of one company—

The Chairman: We should make the point clear that Mr. Coke does not speak for anyone but his own company, from his knowledge of the business in which he earns his livelihood, and the fact that he was very much involved in the association.

Mr. Coke: I would not wish to be presumptuous to suggest that there has not been a case some time of charges to employees. The private employment agency business really started, in its infancy, prior to World War II, and there were instances in those years of what I would call exploitation in the sense of charging people for services and for placement in the work force. That was recognized by the provinces a long time ago, and acts were put together in most provinces. I am very familiar with the operation of the Employment Agencies Act in the province of Ontario. It is blatantly illegal; if someone is doing that sort of thing, they would normally be put out of business if the province became aware of it.

Senator Robichaud: I heard this morning that one of the companies, which I will not name, does deduct fees from the salaries of its employees.

Mr. Coke: Unfortunately, there have been on occasions, but very limited. In the United States, for example—I apologize for using examples outside of Canada—it is common practice in a number of states for what they call

employee charges, where agencies are operative and do charge individuals for placement in the work force. We can all be proud of the fact that, both in terms of the industry itself and the activities of the various provincial governments in this area in Canada, it is extremely limited. Normally it could be someone who comes in and starts up, and is unaware of the legislation. That can happen occasionally, but most often it is stopped before it gets anywhere.

Senator Robichaud: It would be bad practice, but I have heard of it happening, although I cannot authenticate it.

Mr. Coke: There was the limited practice some years ago within the framework of the temporary help field, when some companies had restrictive covenants in their contracts, which said to individuals they were not free to accept a permanent job with one of the client companies, but that disappeared as a practice a long time ago.

Senator Robichaud: From your experience with your company, as well as with other companies in the same field, on what do you base your fees or commissions? Are the counsellors given a fee, or are they paid on a commission basis?

Mr. Coke: I have to give you a qualified answer, if I may. A private agency business, *per se*, is no different from any other business, in the sense that they operate a business in which it costs them money to advertise to recruit people, they have to pay rent, light, lawyers and accountants, and they have a staff of counsellors. The counsellors are the individuals involved in the interviewing of applicants, and normally are involved in terms of the relationship to clients. Some agencies pay counsellors a commission which is related to their activity.

The Chairman: Tell us what you do in your agency.

Mr. Coke: In our agency there are no commissions paid.

The Chairman: They are all on a flat salary?

Mr. Coke: That is right.

The Chairman: Without any incentive?

Mr. Coke: I am sorry to have to differentiate and say no one is ever paid. As an incentive, we do have people who have a divisional profit responsibility, but we do not have any counsellors, who are involved in a direct relationship with applicants or clients, paid on any kind of commission basis. But there are private placement agencies where a fairly substantial amount of counsellors' income is based on a commission.

Senator Neiman: On that very point, I have heard this discussed. In fact, I have a friend in the Toronto area who has worked in a private placement agency and she is still there. I understand from her that it is quite a common practice, perhaps not amongst what you might call the more senior agencies, but among some of the newer agencies which are trying to compete for a place in the market. This gives rise, in a sense, to a good deal of cut-throat competition between agencies in an effort to literally develop business.

What I find most distressing—and I should think it is most unethical—is that apparently some agencies engage in the practice of deliberately generating business. For example, if a counsellor has a client looking for an employee, that counsellor will go to another company and

deliberately persuade a permanent employee of that company to leave that employ and move on to the employ of his client. By so doing, the counsellor picks up the commission from his client and then approaches the company that individual left, knowing it has a vacancy, and offers to find an employee to fill that position. I do not know how prevalent that practice is, but I have no reason to doubt this young lady. She is well known to me personally and has worked in a number of these agencies. She took it for granted that this practice was followed by a certain class of agencies.

Mr. Coke: I am quite aware of the fact that this does happen, senator, but I would suggest to you that agencies which operate on that basis become known in the marketplace. There is a very high incidence of usage of private employment agencies by a number of major companies in Toronto, and if any of those companies go through an experience of that kind, which ultimately leads to dissatisfaction on the part of that company as it relates to the service performed by the agency, those agencies will ultimately be forced out of business because of the lack of clients.

Senator Neiman: The problem is that some poor employer may not know what has happened to him. All he knows is that an employee let his employ, apparently, for a better job somewhere else.

Mr. Coke: If the job vacancy represents an improvement in either position or income for someone in the employ of another company, I do not find, in my own mind, any great problem as it relates to ethics for an agency to approach that individual. In the final analysis, the individual who is approached must make the decision in terms of whether it is or is not an improvement.

Senator Neiman: I can go along with you so far, Mr. Coke, but I think there is a conflict of interest. I can quite appreciate that you would be willing to offer an individual an improved prospect for employment, and there is nothing wrong with that; but you are certainly doing a disservice to the employee in question when you approach one of its employees with an offer of a better job and then go back to that same company and offer it a replacement for that individual.

The Chairman: An agency could only do that so often.

Senator Neiman: Yes, I agree.

Senator Prowse: I am not sure that it is a disservice.

Mr. Coke: I am not directly involved in the private placement agency business on a day-to-day basis, but if I were aware of a job vacancy and at the same time was aware of an individual for whom that vacancy would represent an opportunity, I think it would be remiss of me not to point out that opportunity to the individual.

This may sound somewhat platitudinous, but I think it is the responsibility of the individual employer to provide an environment in which the majority of people are happy and satisfied. If they are not, and an opportunity presents itself, they should be in a position to take advantage of it.

In terms of development of my own business, if I knew of a job opening I would go to that employer and offer him our placement service. In the final analysis, the employer must make the decision as to whether or not he wishes to avail himself of that service. As an employer, he has a number of alternatives, such as advertising in the newspa-

pers or utilizing the service of the Manpower Division of the Department of Manpower and Immigration.

The Chairman: Perhaps we have discussed the morality of that situation long enough.

Senator Croll: Before we leave that, Mr. Chairman, I am not clear as to who began this business. Did the agency approach the individual, or did the individual approach the employment agency?

Mr. Coke: In Senator Neiman's example, I understand the agency went to the individual.

Senator Robichaud: I want to go back to this matter of fees. It is the employer who pays the fees in all cases, is it?

Mr. Coke: Yes.

Senator Robichaud: And on what basis is the fee determined?

Mr. Coke: Most of the private placement agencies have a publicly prepared document which outlines the fees for their services. The fees are normally related to two things, one being the level of the job. The lower the job position in terms of economic value, the lower the fee for the service; the higher the job position in terms of its economic value, the higher the fee. The reason for that is that the search for an individual becomes much more complex when one gets into the upper echelons. The fee may be as low as 6 per cent of the annual income of the individual and can rise to as high as 25 per cent.

Senator Robichaud: For how many years?

Mr. Coke: One year, normally. I am not aware of any circumstances where it is longer than one year.

Senator Hicks: A supplementary, Mr. Chairman. If the person engaged does not stay for a year, does the agency still get that percentage of the annual income from the employer?

Mr. Coke: Most agencies in the private placement business operate on what we call a guarantee basis. The fee is payable, normally, when the person arrives on the job. If, for some reason, that placement works out unsatisfactorily, the agency normally guarantees to make a replacement at no charge, as long as it is within the guarantee period, and that guarantee period may vary from three to six months.

Senator Robichaud: Mr. Coke, you have been in this business for many years and you know how it operates. Are you in a position to give us an approximation of the success or failure ratio by these various agencies in relation to the placements they make?

Mr. Coke: Do you mean how many have remained in business over a period of time?

Senator Robichaud: I am wondering about the number of persons placed in jobs who remained, let us say, more than a year or two years in those jobs.

The Chairman: In other words, the success ratio of your placements.

Mr. Coke: I am not in a position to give you an answer based on statistics. My personal opinion is that the success ratio would be something of the order of 80 per cent. If the agencies do not match the right person with the right job

vacancy, they will be constantly replacing those individuals, and that puts a constraint on them in terms of providing a service. In the temporary help business, for example, most agencies guarantee their service from the standpoint of guaranteeing the performance of their placements. If the placements are not productive or are not satisfactory, the agencies themselves pay the placements but do not bill the clients for the service. Therefore, the onus is on the temporary help service agencies to match the right person with the right job. Otherwise, they are not going to get paid.

Senator Hicks: A supplementary, Mr. Chairman. I have been wanting to ask this question for some time. Do these temporary help agencies have a reservoir of employees they keep on staff? Do these employees work half the time, three-quarters of the time? Is my question too vague?

Mr. Coke: I understand the question, because it has been asked a number of times. The difficulty is in answering it from the standpoint that if you take office services, that is almost a sociological study in the sense that in my own company experience we have a very substantial number of people who work one week a month; there are others who work only in May and June because they have an economic program in sending their children to camp. There are others who work only during the winter months and will not work in the summer time because they want to be home with the children. Within the framework of the temporary help industry one of the major advantages, in a sense, is that they can basically work to a schedule of their own choosing.

Senator Hicks: And they get paid for the time they work?

Mr. Coke: Yes, generally speaking.

Senator Robichaud: I would like to turn now to the question of advertising. When a company approaches one of your agencies for advertising purposes, does the company advertise as well? Does the employer advertise as well as the agency?

Mr. Coke: In some instances, yes, but in the majority of instances, no.

Senator Robichaud: They rely totally on the effectiveness of your services?

Mr. Coke: It is really a question of demand and supply of people. There are employers who will go first to the Department of Manpower and Immigration and place an order. If they do not get someone from there, they may well place an advertisement in the newspapers. At the same time they may well place an order with a permanent placement agency because they know they will have to pay the fee of the private placement agency only if a placement is made. They may do all of these things or they may do them in some order, and they may do it in accordance with their policy related to recruiting people.

Senator Robichaud: There is one area about which I am very seriously concerned, and it is that of the crippled or handicapped people who can only work part time. Do you have a special policy for these cases? I can give you an illustration, which I used before in this committee. I am thinking of kidney patients, who have to go in dialysis three times a week; they spend ten days in dialysis in hospital or at home. They can work three days a week, but they cannot work five days a week. Would some of your agencies have a policy for looking after these cases?

Mr. Coke: Within the framework of the temporary help industry we have programs of that kind, because we work very substantially with numbers of disadvantaged people of one kind or another. Some companies, of which mine is one, work very substantially with people with social problems as well. Their employment pattern is such that they can work for only three days a week or one week out of a month. We work very substantially with them. I would not say we have a policy that we will absorb them into our work force, but as part of the marketing of our services we have worked with people with medical problems. As a company we have worked very substantially with individuals who unfortunately have gone through another kind of rehabilitation program. We have been given an award by the Province of Saskatchewan, for example, relating to our work in the rehabilitation of people who unfortunately have a criminal record of one kind or another. However, it would not be completely candid or honest of me to say that we have a specific program that is on-going. This is an area in which I would have to commend the Manpower Division of the Department of Manpower and Immigration for the work they have done. Perhaps this is an area about which I was not sufficiently specific. I think a great deal of work that has been done, particularly in recent years, by the Manpower Division for the disadvantaged and for minority groups has been excellent.

Senator Robichaud: If the presidents of all of your agencies met together one afternoon and had a bull session, would they recommend the abolition of the efforts of Manpower, the public sector? Would they recommend that it cease its efforts towards job finding so that it was left entirely in the hands of the private sector, such as your company?

Mr. Coke: No.

Senator Robichaud: You still favour the efforts made by the Department of Manpower and Immigration to find jobs, and in some cases to train people to become productive in life?

Mr. Coke: Absolutely.

The Chairman: Perhaps you would narrow the question down. The first question was on placement services, exclusive of training. Does your answer remain the same, Mr. Coke?

Mr. Coke: I would have to qualify the answer, I guess, in that case by saying that I have very serious questions in my mind about some of the work done by the department in the area of executive and professional placement. I think it is uneconomic and unnecessary. Even though there may be a number of statistics that could be cited against what I say, the people I know in what I would call executive and professional areas do not utilize that service of the department to that degree.

Senator Robichaud: Then how do you explain that the federal Manpower last year placed a million people and the sum total of all of your companies found only between 50,000 and 60,000 jobs. If the statistics given to us are correct?

Mr. Coke: I must assume they are correct. I don't know. I think there was a point in time when the department did play a bit of a numbers game. I do not think that happens to the same degree any more. There was a point in time—I

do not think it happens any more—when they were counting as placements people they sent out, for whatever period of time, from their casual centres. I think there are valid places for the department to be operating in the placement area, but I do not think it should always be a question of being all things to all people at all times. I believe there is a very valid place for the private sector to be involved in certain areas. I think it is a question of not looking at it from the standpoint of competing in all areas and providing services in all areas. I think the department should very carefully evaluate its programs in terms of where the need really exists, because there are some areas in which the private sector of the placement area really cannot do the same kind of job. This is one of the problems of the country we live in. There are areas in which there are employment problems, and it is just uneconomic for the private sector to be present there because they cannot do enough business to survive.

Senator Hicks: Accepting your proposition that it is unnecessary for the Manpower Division to be concerned with the placement of executive and highly trained and qualified people, is the corollary not true, that the private agencies do not have much of a role to play in the provision of bulk labour, with large quantities of jobs in this category for largely unskilled labour or employees, and should they get out of that job, leaving it entirely to the department?

Mr. Coke: One of the most valid places for the department to be spending its time and resources is in the area of unskilled people. I refer to those people who find themselves out of work, who have no skills or whose skills have become redundant because of technological obsolescence. Generally speaking, there is no way that the private sector can operate effectively and economically in those areas. There is a substantial need in that area, therefore.

Senator Hicks: Do the private agencies operate extensively in that area?

Mr. Coke: No.

Senator Hicks: They operate largely with the more highly skilled people than with the group we have just been talking about now?

Mr. Coke: Yes.

The Chairman: Is it not a fact that the private agencies have not been able to operate in the unskilled area, that as a general rule they have not found the unskilled placement area profitable?

Mr. Coke: There have been some attempts and there are a few agencies which operate in that field, but they are few and far between. Frankly, my own experience would not really permit me to comment on it in terms of the profitability.

Senator Croll: As far as my experience suggests, Mr. Chairman, the private agencies alone look after the executives. There is no one else who can. In all my experience, no one seeking to fill a job of any consequence would ever think of going to Manpower for executives. Senator Hicks' question is important. Certainly, no one looking for a job as a bricklayer or in any unskilled field would ever think of going to any of your people. That has been my experience over the years. I thought Manpower did the masses and you did the more skilled and more attention-requiring fields.

Mr. Coke: As a general principle I would accept your statement, Senator Croll. In terms of numbers, the majority of agencies operate in what we would call the clerical area, in the sense of meaning secretaries, stenographers and people with office skills. Historically and traditionally that has been a more female-oriented operation. In terms of numbers there are more of those. There are also many which operate in specialized areas. There are a number of those in Toronto, Montreal and Vancouver operating in marketing skills only. They specialize purely and simply in advertising people, general sales managers and others like that. The larger ones may be divisionalized. They will have an accounting division which deals with people with those skills.

Senator Croll: How do you define "temporary work"?

Mr. Coke: The temporary help service has really grown or been a presence only since the second world war. As its service it has the resolution of personnel problems which are occasioned by employers of people on vacation, people who are sick, or people who have special project work where the duration is normally established in advance. The temporary help service employs people; the employee relationship is present. They assign those people to the clients on the basis of the clients' needs.

Senator Croll: You mentioned that you attached some significance to the shortage of skilled help. What were you getting at?

Mr. Coke: Recently I attended part of a personnel conference in Toronto, which is an annual conference run by the Personnel Association of Toronto. One organization present there is a major engineering company which has a need for some 300 piping draftsmen as it relates to this particular program. They are just unable to locate those numbers of people.

Senator Croll: You would not get that number normally at any time, though, would you?

Mr. Coke: It would be a problem under most conditions. There are major advertisements appearing in the Toronto papers for mining companies every day. There are substantial numbers. Even under the present economic conditions in the major markets there are substantial needs for typists and stenographers.

Senator Croll: When you said that some Manpower services should be done away with, were you thinking particularly of the executive group?

Mr. Coke: The two I made specific reference to, senator, were the executive and the professional divisions. I also question the casual centres which are present in most of the industrial markets in Toronto and which serve no real purpose because the particular markets are adequately served by the private sector. I do have some major questions related to some of the Outreach programs as well.

The Chairman: What do you mean by "casual centres"?

Mr. Coke: The department does maintain a number of what are called, or at least are commonly known as, casual centres, where people looking for casual work of short duration can go in and apply. There are a number of such centres in Toronto, Montreal, Vancouver and Winnipeg. The people go in and report to the casual centre, are then assigned by that centre to an employer and may work for four, six or eight hours, on a daily basis.

The Chairman: You say they should not be in that field.

Mr. Coke: I do not see any need for them.

The Chairman: What would be the alternative?

Senator Neiman: Mr. Coke would.

The Chairman: I don't think so.

Senator Neiman: Yes.

Mr. Coke: That is one alternative.

The Chairman: You want to be in the field?

Mr. Coke: We are in the field.

Senator Croll: That is very interesting, because I think Manpower can serve that field better than you can.

The Chairman: Perhaps you could give us your views on that subject, Mr. Coke. Presumably you think you can serve that field better than Manpower can.

Mr. Coke: In terms of the amount of work or the number of people placed in activities of short duration, that is a field which is much more adequately served by the private sector. Our offices, as a company, for example, open in some cities at 5.30 in the morning. They are very often open until ten o'clock at night.

Senator Croll: What good is it to you if a person comes to you on Monday and you give him a job for four hours, and then another one comes in and you give him a job for two hours? What have you made out of it? On the other hand, it is part of the business of Manpower; they are equipped to handle that; but you cannot afford to do that sort of thing.

Mr. Coke: However, presumptuous it may be, Senator Croll, we are in that business on a daily basis.

Senator Croll: You mean that there is a turnover on that?

Mr. Coke: There certainly is. Again, in the industrial area it becomes a sociological study. This is a situation where we use people between jobs; we use people who are temporarily dislocated; we use people who have, possibly, a medical or emotional problem. They come in and report to our offices; they are paid by us; the contributions that are required are paid by us; they are paid well for doing the work.

What I am concerned about is that there is a problem which is in the marketplace itself, because I have to accept the fact that there are some employers in any society who are somewhat unscrupulous. For example, they can phone a Manpower casual centre in Toronto and say they want a person for four hours, and then at the end of the four hours they pay the person off with \$10 in cash. In my judgment, at any rate, that person has suffered as a result of that because the person has not earned unemployment insurance benefits, there has been no workmen's compensation paid, and no contributions to the Canada Pension Plan have been made. I abhor that kind of thing.

Senator Croll: And you make those various contributions, do you?

Mr. Coke: Oh, yes, certainly.

The Chairman: The essential difference is that you pay the casual worker.

Mr. Coke: Yes, he is our employee.

The Chairman: He is your employee, and you rent him out at a fee to the ultimate employer.

Mr. Coke: Well, wages and salaries, in our case, are established on the basis of the wages and salary levels in that particular community. He goes on our payroll; all the records that are required, and all the contributions that are necessitated, are made on his behalf; he is paid; the client is invoiced; and that includes our service charge.

The Chairman: Over and above?

Mr. Coke: We have individuals who have worked for us on that basis, day in, day out, for ten or twelve years. We have others who have come to us and have worked with us on that basis for two or three weeks, and in many cases, as a result of our assignment of that individual to a client, the employee has been accepted by the client on a permanent employment basis. In excess of 40 per cent of the people who work for the temporary help services in Canada move, as a direct result of that involvement, into a permanent job.

Senator Croll: If she is on temporary work, she belongs to you, and if the employer says, "You had better stay here permanently," at that moment you bill him, and say, "This will cost you so much money."

Mr. Coke: No.

Senator Croll: All right. She goes on permanently with a client and you get nothing at all?

Mr. Coke: No.

Senator Croll: There is no bill at all?

Mr. Coke: No.

The Chairman: Can I trespass on your time just a little more? I am having difficulty distinguishing between casual and temporary help. What you seem to be running is not a casual help service, but a temporary help service; that is, you pay the employee and make the appropriate deductions, and then you bill a fee to the ultimate employer; whereas it would seem to me that what Canada Manpower is running—it may be a difference in semantics, or it may be more than that—is a casual labour centre, whereby they direct people who want casual labour to the employer himself.

Mr. Coke: Yes, that is correct. In my judgment the Department of Manpower and Immigration should get out of that business, because they are aiding and abetting some unscrupulous employers who are really avoiding the law.

Senator Croll: There are unscrupulous employers, you are right; but I do not think there are quite as many as some of you people indicate. Sooner or later, what happens is that if the temporary worker is employed for a month or two months and his pal says, "I'm on the Canada Pension Plan," at that moment he starts worrying whether he is going to be on the Canada Pension Plan and on unemployment insurance—unless, of course, he is here illegally, and I am not talking about those people; I am talking about people who are here legally. The fellow who takes the extra dollars is the fellow who has a regular job and does a bit of freeload on the weekend, who will take \$10 or \$15. That will happen normally, but I do not think the other man will, because what he wants in any job today is the

unemployment insurance and the Canada Pension Plan, because he is looking forward to that because he knows it means something. So I do not think you are right on that.

You said something about the case of the man who was likely to get \$300, but there was a health problem, and they said, "Do not take the job." I think Manpower did that, did they not? You said that it was not for them to decide, but it was for the man to decide when he got on the job whether he should or should not.

Mr. Coke: Yes.

Senator Croll: That is all right. Now, if, on the other hand, the job had low wages—let us say, below the minimum wage, for example—would you send him?

Mr. Coke: Absolutely not.

Senator Croll: You would not?

Mr. Coke: No. Excuse me. Are you suggesting that if I were with the Department of Manpower and Immigration I would—?

Senator Croll: No. You. You are saying that the Department of Manpower and Immigration had said to a man, "Do not take that job, it has a health hazard," but it was \$300 a month, which was bad money, and we did not disagree with you, you know, on that. It may be a pretty serious matter, but I am asking you, not Manpower. I know what they do; they have told us what they do. It is a low-wage job—minimum wage or below. Do you send him?

Mr. Coke: I have to answer that question in two parts. Again, we have to differentiate between a private placement agency and a temporary help service. A temporary help service is governed by all the statutes that are present, either federally or provincially, and the rates of pay that are related to the temporary help service must be competitive in the marketplace, and in all cases must be at least the minimum rate, or considerably higher, or it would be impossible for them to attract workers; so in the case of the temporary help agency there has never been an instance that I am aware of where lower than the minimum wage would be paid, because such a thing would be stopped, either by the association or by the government; so the answer is, no, it would not happen; but I would certainly commend the department for their approach, and I know this is a policy. They will not send anyone out where the job order is below the minimum wage. Indeed, I know of many instances where they have gone out and counselled employers in areas of wage adjustment, or increasing their rates, related to the marketplace, so that they are able to assign people to such jobs.

Senator Croll: Yes. Well, I just had a crazy idea as I sat here and listened to you. I thought you made sense. What I was thinking was, if we cut Manpower from what actually runs into about \$800 million to about \$400 million, and we have about \$1 billion of a deficit on unemployment insurance, that gives us \$1½ billion, and we have enough there to start a guaranteed income. Well, there are the figures. That is what we were lacking.

The Chairman: You are like the fellow whose conversation always got back to sex!

Senator Neiman: Mr. Coke, I would just like to clarify your procedure as far as the temporary help is concerned. You say, for instance, that you pay the going wage in an area—let us take the clerical area. That is what you will

pay your temporary employees, and then charge a fee on a commission or a percentage.

Mr. Coke: A service charge.

Senator Neiman: Yes. It is a percentage of the flat rate. Is this the way you base your service charge? Or does it vary?

Mr. Coke: Our price structure, in the temporary help business, has to start with the wages and salaries which are paid. Added to that, in order to survive as an economic unit, we have to know what our costs of doing business are. Those include advertising, rent, heat, light, permanent staff salaries, and so on, and I would say that the service charge is not profit at all. If we are paying somebody \$5 an hour, normally the service charge to the client would be in the order of \$7.50 an hour, and from the standpoint that a number of the temporary help service companies are public companies, they operate at something like 6 per cent of total sales.

Senator Neiman: You say that the service charge is not profit, but you are not in business just to strike an even balance sheet, or whatever you call it in the commercial world. You have to make a profit, or else you would not be in that business. So your profit, potentially, has to be considered as part of that service charge.

Mr. Coke: Yes. I am sorry if I did not explain that properly. Perhaps I may take a liberty and review it again quickly. In the temporary help industry there are differentials in rates paid across the country. Whether it is good or bad is not the question. However, we have to pay at least at the level of the averages in a given community, and more often than not higher, in order to attract a sufficient number of people to get the job done. If we are not paying people what they expect to be paid, as that relates to their skills, we are not going to recruit them, because they have other alternatives. The costs that are inherent in our business are the same costs that are present in any business.

Senator Neiman: Of course.

Mr. Coke: If we are paying somebody \$5 an hour, just the mandatory contributions alone, in terms of Canada Pension Plan and unemployment insurance, and so on, will average across the country, in vacation pay, holiday pay, and the like, something around 12 per cent. You have to add the 12 per cent, which is something like 60 cents, on to the \$5, and then you have to add on to that all your overhead costs arising from doing that, and so you may end up, in that particular illustration, with a service charge to the client, for the hours that that individual has worked, of \$7.50. The industry operates at something between 5 and 6 per cent of actual sales, as its profit. And if it is big enough 50 per cent goes to the federal government so that they end up with something less.

The Chairman: That is, before tax?

Mr. Coke: Yes, before tax.

Senator Neiman: If you take the clerical area, for example, do you place any requirement at all on your clients—and I am talking about the employee class here—that they register only with your temporary employment agency and not with anybody else? Is there any type of loyalty imposed, implicitly or explicitly, that if a person is employed by your agency he or she will not shop around with other similar agencies?

Mr. Coke: The answer is, no. There is certainly not in our company. From time to time some companies have attempted to put together what I would call a psychological deterrent, which asks them not to register with somebody else or not to do something for a period of time; but that is all it is, a pure psychological deterrent. I guess that in the final analysis if you look at it in economic terms the individual is that company's product. In that sense, that is what it has got to sell. I do not like putting it in economic terms, but that is a fact. So this may happen from time to time. There has been an instance of it. However, it represents such a marginal instance, in terms of the day-by-day operation of the business, that it really does not count.

Senator Robichaud: I would like your reactions, Mr. Coke, to this point. This morning I asked an employed person, "Suppose you had resigned from your present position, or were fired, where would you go for employment? Would you go to Manpower or would you go to an employment agency in the private sector?" And that person answered, "I would go to both at the same time and take the better deal." Isn't that what happens?

Mr. Coke: Oh, yes, in all areas, with the possible exception of executive research, which operates on an entirely different basis. The word "loyalty" has been used. I can give example after example because, regardless of how unsophisticated we think people may be, they are not when it comes to that kind of thing. We work with individuals in the temporary help service industry who are registered with seven, eight or nine other temporary help services. Then it is a question, over a period of time, which service they enjoy working with, which service can keep them working, which service treats them well or has the kind of environment in which those individuals want to work. If someone is looking for a job, they would normally search out every possibility and, obviously, in their work would take the best deal they could get.

If I were a secretary or a cost accountant in the city of Toronto and if I were dislocated for whatever reason, I would certainly go to the Department of Manpower and Immigration. I would also register with whatever number of employment agencies people had told me were reputable and ethical and would do a good job on my behalf. I would read the newspapers every day and I would do everything else, because my primary purpose at that point in time is to become re-employed at the best possible arrangement with a company I feel is going to be in my best interest.

Senator Neiman: Do you have much occasion to use temporary help for union members?

Mr. Coke: The answer is, yes. The temporary help industry, by dictate almost, or by agreement within the industry, has a policy or rule, if I may put it that way, that they will never do anything that would impair or injure a labour-management agreement or a union-management agreement. That is to say that the industry *per se* would never cross a picket line. However, I would not say that there have not been incidents of it at one time or another, but the Canadian Association of Placement Services, as part of its membership qualifications and code of ethics, says that that is one thing that will never be done. There obviously are cases where there are collective bargaining agreements in existence, and there are some who determine, within the framework of the collective bargaining agreement, where temporary help cannot be used and where it can be used. There is at least one instance where we have collective agreements with the unions.

Senator Neiman: In the case where you are making use of a union member and where there is a minimum wage payable, do you pay that and then charge the employer over and above that?

Mr. Coke: It would be our intent to do that. I would not say that there have not been instances where it has not happened.

Senator Neiman: If you did not do it, would you be the person at fault—and that is not really the right word—or would it be the union member?

Mr. Coke: The problem would arise, probably, if it happened where that was not the case, that if they are working together on the assembly line or in a warehouse and individual "A" who is the union member is getting \$5.50 an hour and our employee is getting \$4.50 an hour, then the temporary help service is going to have an unhappy employee on its hands, because that person is not being paid the same rate as the permanent employee who is doing the same work.

Senator Neiman: Just to get back for a minute to your comments on the differences between yourselves and Manpower, I can see that when it comes to the temporary or casual help sector there are obvious advantages to the individual to go your route, simply because he then does get the benefit of having these deductions made for pension, unemployment insurance payments, et cetera, and in my view that is a definite advantage. The problem, as I see it, is that a government agency is not only looking to ensure employment for individuals but also for small firms and employers, and I think the problem sometimes arises in that a small firm may say, "Look, we can go to Manpower and they don't charge us anything, and we are going to pay the minimum wage, and that's it." But if they go your way they are going to be required to pay a little more—the minimum wage plus whatever your service fee is. So a government has to be concerned to encourage small firms and individual employers in order to enable them to stay in business, and so they have to try to make sure there is help available to them at the most reasonable rates possible. I think perhaps that is the only justification on the side of government for staying in that field to some extent. I agree that there are unscrupulous employers who would take advantage of temporary help, but I think that there are more who do not, but they feel they cannot pay anything more than the minimum wage in order to survive economically.

Mr. Coke: In our case, if we did not pay more than the minimum wage, in 95 or 99 per cent of the cases we would not attract people. I would not say that there is an incidence of this, but I once received a call from the employment standards Branch of the Province of Ontario saying that they had had a number of calls that our industry was paying only the minimum wage and what were we proposing to do about it. My response was that the minimum wage is established by the government of the province and if they feel it should be higher they should increase it.

Senator Neiman: You mentioned that you have reservations with respect to some Outreach programs. Would you care to give some examples?

Mr. Coke: I have gone on record with respect to one, which has now been corrected to a degree. Grants were awarded in Montreal under the Outreach program to an organization known as Fairshare. In our opinion they have not met, basically, the criteria established by the depart-

ment under the Outreach program, and that in actual fact permitted that organization to involve itself in a market in which the temporary help industry was present and serving the needs of the particular community very well. In addition to that, because of the grants awarded to that organization it was permitted to compete unfairly with the private sector. The criteria, as I understand it from the Outreach program, is to reach with the program areas and people not normally handled through the regular services of the department.

Senator Neiman: A representative of the department actually cited an example of a type of temporary help Outreach program in the Montreal area. I do not know if there is more than one.

The Chairman: That is the one.

Senator Neiman: Will you specify in what respects you think it was wrong and where you think the correction has been made? Do you see a place for such a program, any type of Outreach program, in the temporary help field which would not encroach on private enterprise and would be acceptable to you?

Mr. Coke: It could be in certain geographical areas which are impossible to service. It could be, for example, in an area serving certain disadvantaged groups. Going back to Senator Robichaud's question, there are areas in which Outreach could have great value and does through some of their programs working with the disadvantaged. However, in the particular instance of Fairshare the rates of pay that were established to the individuals and the service charges to the clients did not even recover the direct costs of the organization. In other words, they were paying the individuals a certain amount and billing the service charge to the client at a rate that would not even accommodate contributions to unemployment insurance, Canada Pension Plan, workmen's compensation and so on. So, their original program was to utilize a temporary help type service in the Montreal area as a vehicle which would be appropriate by counselling and psychological services to eventually get those people better prepared to accept permanent jobs. However, this was not what happened. They operated a temporary help service with which no one could really compete. If we as an industry had to charge, just to use a number, \$4 an hour and pay \$3 an hour while they were paying \$3 an hour and billing that service out to the client at, for example, \$3.25 an hour, the mandatory contributions alone would be in excess of 36 cents. Every time they sent someone out to an industrial temporary job they lost money and, in essence, their losses were being picked up by the federal government and the organization was dislocating the market as related to the private sector, which had been adequately handling it.

Senator Neiman: Has that situation been rectified, in your view?

Mr. Coke: Substantially, yes, because, first, people in the department were receptive to our representations. Secondly, the grants under the Outreach program conclude at the end of three years. My point is, I think there is great validity in the Outreach program, but it is one that has to be carefully looked at in terms of what purpose it is serving. If it is to serve the purpose of assisting people, in terms of the employability of those people, it should be in areas which are beyond the normal services of the department and in areas in which the private sector is not doing a job—and there are areas like that.

The Chairman: Mr. Coke, one of the areas that we are interested in is the comparisons in the amount of staff used in the private placement area, among private placement agencies to effect their placements, and those used in Canada Manpower; and whether their staffing involves too many people or the right number. I suppose the nearest comparison would be in the casual labour field. Have you anything to say about staffing of casual labour department, as compared, say, with your temporary help departments?

Mr. Coke: I have to apologize, Mr. Chairman. I am not as familiar as I might be with the actual staffing allocations for the Canada Manpower Centres. I know, in the industry's case, that probably two men on staff can probably despatch 120 men a day.

The Chairman: That is in the temporary help field.

Mr. Coke: Yes. I do not know how that would compare with the casual. We are also in a situation where, again, because we are in business, we do have to provide these guarantees. If we do not do the kind of job which has to be done, in terms of sending the right kind of people to the right kind of jobs, we are in trouble.

The Chairman: It has been suggested that the private sector tends to use two and three-man offices as opposed to Canada Manpower which tends to use a number of people in its offices and centralizes its offices more. Can you comment on the effectiveness of that?

Mr. Coke: It is a question which almost intrudes into how one would market a particular service. I would have to say there would be validity in looking at that kind of situation from the standpoint that, particularly in most of the major metropolitan markets, there is a need to service pockets in that market; and I would suggest, with all due respect, they have done that to a degree. But it could be that the smaller units which service particular geographical units are more effective than downtown locations, which are somewhat more impersonal in their environment.

The Chairman: One of the areas that employers most consistently complain to us about is the apparent inability of Canada Manpower to get the job requirements straight. They say it is very difficult to get counsellors to understand what kind of employee they want. They very often send them the wrong employee. Do you overcome that in the private sector; and, if so, what methods do you use?

Mr. Coke: By a very exhaustive approach to both the systems that are involved in the program, so that when you do receive an order it is received specifically, in terms of its requirements, in skills, equipment, environment, and in working relationships. There is also a very solid ongoing program of visitation, which makes it possible for people to determine in advance the kind of person who will be right for that kind of environment, and so on.

The Chairman: You do use visitations?

Mr. Coke: Yes, we do.

The Chairman: Extensively?

Mr. Coke: Yes. For example, if you do not know that the order for a secretary is to work in a warehouse with 25 men, you may send someone who does not want to work in that environment. That would be a bad placement. That kind of thing has to be covered in advance. It also involves

a very substantial amount of training on the part of the people who are involved in a counselling situation.

The Chairman: Do your counsellors tend to stay with the same employers?

Mr. Coke: I will have to give you a qualified answer, Mr. Chairman, and I will have to differentiate between the three types of operations I have talked about this afternoon. There is a greater turnover in the permanent placement agencies where the service is provided in respect of the lower economic echelons as against temporary help service agencies where the employees' length of service is usually quite substantial. The length of service of counsellors involved in executive search is also fairly substantial.

The Chairman: I am not sure that I understand your answer.

Mr. Coke: There is some turnover in the private placement agency business. It is more extensive in that area than it is in either the temporary help service agencies or the executive search agencies. Some of the private placement agencies put their counsellors on a commission basis, and in that area the turnover seems to be higher. They are paid on the basis of productivity, and if their productivity is not high they are not going to get paid very much. For that reason, they tend to look elsewhere. That type of environment brings about this type of turnover, unless the agencies are highly selective in choosing their counsellors. Certain people respond to a commission arrangement.

The Chairman: The Canada Manpower system appears to be oriented much more towards the employee than it is to the employer. As a result of that, people looking for jobs come to the counsellor and the counsellor, in turn, tries to place them. This obviously creates a situation in which many different counsellors are dealing with a particular industry. The private placement agencies, I gather, are more oriented towards the employer than to the employee. Would it be true to say that because of that there is more stability amongst counsellors dealing with one segment of industry or one business than is the case in the public sector?

Mr. Coke: I think there is validity in that statement. I have heard it said that the private sector does a much better job than the department in the area of follow-up. I do not know whether that is a valid statement or not. If the department makes a placement, what happens to that placement?

The Chairman: What happens in the private sector?

Mr. Coke: That placement is followed up very carefully.

Senator Prowse: If the placement does not work out, you hear about it.

Mr. Coke: Of course.

The Chairman: What is the guarantee period, on the average?

Mr. Coke: Six months for a placement.

Senator Neiman: You would not do that follow-up in a temporary help situation, would you?

Mr. Coke: Of course we would.

Senator Neiman: If you had a placement that went in for a week as a secretary somewhere and you followed up

and found she had not been satisfactory, what would you do? If the employer contacted you and told you she had not been satisfactory and not to send her back, what would you do in relation to your client?

Mr. Coke: If she proved unsatisfactory, the agency itself would pay her. The client has the right to say to us that she is not satisfactory, and if that happened she would be replaced by someone else, but we might well immediately use that individual somewhere else. However, it would be as the result of a discussion as to why she was unsatisfactory. You cannot always say she was unsatisfactory because it was her fault; it could be their fault. They could have given her a bad order. We exhaustively go through programs with our client organizations in terms of how a temporary employee deserves very special attention, because he or she is a very special person.

Senator Neiman: If a new temporary whom you had just placed for the first time proved extremely unsatisfactory, to the point where you felt the employer was fully justified in his complaint, would you charge a service fee for the week, or for the time she was there?

Mr. Coke: If it was a week, probably not. We might say we would not charge for X part of it. Our guarantee says that if the employer informs us within four hours that the person is unsatisfactory there will be no charge for our services. If we gave an open-ended guarantee, we would have people using our services, having a week's work of high productivity and then saying that the employee was no good.

Senator Neiman: If you felt the employer was completely justified in the complaint and that the person was a very poor type of worker, would you send that same person out to some other so-called unsuspecting employer?

Mr. Coke: Very likely, but there is a process that must take place, involving either a personal call or a telephone call to that client to determine his side of the story. It would also involve discussion with the employee to determine his or her side of the story. We would never take any client's word that somebody was unsatisfactory, merely on the basis of what he said. We would probably assign her to other places two or three times, but in that process she would be asked to come into the office, sit down with a counsellor and discuss the whole thing. If there were an unsatisfactory performance on five or six different assignments we would probably tell her we were very sorry, we would help get her a permanent job, but on the basis of our particular service obviously her orientation to this particular work just was not right.

The Chairman: Senator Robichaud, do you have anything of overwhelming importance to add?

Senator Robichaud: No, just routine things. This could be prolonged for ever and ever. I think the witness today has been most co-operative, and on behalf of the committee I would like to thank him very much for his co-operation, for the submission of a very comprehensive brief and for answering so honestly all the pertinent questions put by honourable senators.

Mr. Coke: Thank you very much for having me.

The Chairman: Senator Robichaud, if you keep this up I may detect a groundswell that we need a new chairman of this committee.

Senator Robichaud: No. You are doing extremely well.

The Chairman: You do it so nicely.

Senator Robichaud: Your authority is not being challenged one bit.

The Chairman: I only wish you were. I have one last question. An Ontario task force estimated that some 70 per cent of the business of private agencies was placing people who already had jobs. Would that be a reasonable figure?

Mr. Coke: This is one of those subjective areas where, without the evidence, I have difficulty.

The Chairman: Is it reasonable, from your experience?

Mr. Coke: There is certainly a high incidence of that.

The Chairman: Much higher than in the public sector?

Mr. Coke: Yes, because very obviously an employed person who has an excellent track record in performance is more highly employable than someone who has been unemployed for a period of time. That may be over-simplifying it, of course.

The Chairman: Mr. Coke, I could not, indeed, express our thanks more eloquently than Senator Robichaud has, and I will just leave it at that. Thank you very much. We appreciate your appearing before the committee.

The committee adjourned.

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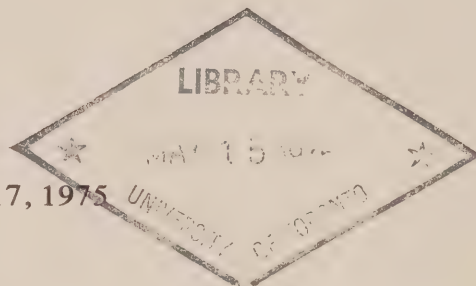
FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*
The Honourable HERBERT O. SPARROW, *Deputy Chairman*

Issue No. 14

THURSDAY, APRIL 17, 1975



Ninth Proceedings

The examination of the Estimates of the Manpower Division
of the Department of Manpower and Immigration for the
fiscal year ending the 31st of March, 1975

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Rochichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, April 17, 1975
(14) ... (9)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:30 a.m.

Present: The Honourable Senators Everett (*Chairman*), Carter, Croll, Grosart, Hicks and Neiman (6).

Present but not members of the Committee: The Honourable Senator Buckwold.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

Dr. Noah Meltz, Associate Chairman
Department of Political Economy, University of Toronto

Mr. D. Toupin, Director General
Manpower Client Services, Department of Manpower and Immigration

In attendance:

Mr. J. H. M. Cocks, Director of Administration;

Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

A brief prepared by Professor Noah Meltz entitled "The Role of Canada Manpower Centres in Matching Job Seekers and Job Vacancies" was ordered to be printed as Appendix "A" to the Proceedings.

At 12:20 p.m. the Committee adjourned until 3:30 p.m., April 23rd.

ATTEST:

Georges A. Coderre
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, April 17, 1975.

The Standing Senate Committee on National Finance met this day at 9.30 a. m. to examine the Manpower Division of the Department of Manpower and Immigration.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, we are honoured to have with us this morning Professor Meltz, Associate Chairman of the Department of Political Economy at the University of Toronto. Professor Meltz is a graduate of the University of Toronto and of Princeton University, where he obtained his doctorate. He lectured at the Ontario Agricultural College at the University of Guelph for one year, in 1958 and 1959, and held the position of economist with the Economics and Research Branch of the Department of Labour in Ottawa from 1960 to 1964.

You have already received Professor Meltz's brief. I know that you, like me, will have been impressed by the depth of work Professor Meltz has put into his brief.

I have asked the professor if he has any further comments he wishes to make, and I gather that he does. I will ask him to proceed with those comments at this time. Professor Meltz.

Professor Noah Meltz, Associate Chairman, Department of Political Economy, University of Toronto: Mr. Chairman, honourable senators, I should like to provide you with a few background comments to the paper and give you one or two additional pieces of information. The background aspect is the characteristics of the Canadian labour market and the context in which public employment services operate. The labour market in Canada has been characterized in the past by a rapid rate of growth in the net number in the labour force. It is also characterized by large swings in the size of the labour force on a seasonal basis. In addition, there is a large number of changes in jobs going on. We do not have accurate figures on that, but it has been variously estimated to be from one-third to one-half of the number of people in the labour force who change jobs every year. The basis for that estimated figure includes the number of people who change jobs more than once during a year as well as the people who stay in the same job. Nevertheless, it adds up to a lot of job changes.

The Chairman: Professor, can you tell me where that data is derived from?

Professor Meltz: There was an early survey called the "Survey of Hirings and Separations."

Senator Croll: Who made that survey, Professor Meltz?

Professor Meltz: It was conducted by the old National Employment Service, and the data was put out by the Dominion Bureau of Statistics at that time.

Senator Croll: Were you in Ottawa at that time?

Professor Meltz: Yes.

Senator Croll: So you vouch for it.

Professor Meltz: I vouch that it was done, yes.

Senator Croll: It has always struck me that a 50 per cent change in one year is not realistic.

The Chairman: That is especially true from the point of view of the Senate, isn't it, Senator Croll?

Senator Croll: At any rate, I feel better now that I see that Professor Meltz has had something to do with it.

Professor Meltz: Let me qualify that. That survey was discontinued in 1966 in a trade-off for the new "Job Vacancy Survey." As part of the program to develop the job vacancy survey, the old survey of hirings and separations went on the ground that the new Department of Manpower and the then Dominion Bureau of Statistics felt that you could not go to employers with two surveys aimed at a similar area. They felt that if you were going to ask employers to give additional information, then you could not ask them to continue supplying every six months an indication of how many people they had hired in the last six months, by month, and information as to how many people had left or had separated, by month. The estimate of 50 per cent came from the figures which showed that every month on average 4 or 5 per cent of employment changed and, if that was multiplied by 12, the figure of 50 per cent or over was reached.

Senator Hicks: That might have been caused by particular groups of individuals changing several times in a year, however.

Professor Meltz: Exactly.

Senator Hicks: Still leaving an 80 per cent stable employee force.

Professor Meltz: Exactly. That is why I added the term "equivalent", because certainly half of all the people in the labour force are not changing jobs every year. Nevertheless, if you count every person who changes jobs and divide that by the number in the labour force, then you come up with the equivalent figure.

Senator Hicks: Presumably, Professor Meltz, you have no basis for estimating whether the situation is different, and in which way it is different, in 1975 from the mid-1960s.

Professor Meltz: That is one of the big problems. It is why I included the section on data gaps. If we are talking about the role of Canada Manpower Centres and public employment centres, we have to have some contact. One piece of information we are missing is the turnover. Many people have spoken on that point. Dr. Sylvia Ostry was

quite vocal as an opponent of dropping the survey on hirings and separations in the first place. Many other people have suggested that it be revived. In fact, the Economic Council will address itself to that point, I am sure. The answer is that we just do not know what has happened since then.

Senator Croll: On that point, we know that 30 per cent of the people in the labour force are organized. They simply do not move around except, perhaps, between unions.

Professor Meltz: Well, that is not true of the construction industry.

Senator Croll: With the exception of the construction industry, yes. If you add to that 30 per cent the government employees who are now becoming unionized, such as police, firemen and so on—and I am referring to all levels of government you are then into the 60 per cent bracket or over. That is a minimum. That is why I was so startled at that figure. I think we must be careful in getting that out to the public, because it really needs some explanation.

Professor Meltz: Given that the labour force is growing and that there are seasonal swings and that there is a large amount—although admittedly we do not know the exact amount—of job-swinging, the problem that arises is how do people in jobs get matched in the swings, where there is a great flow of people into and out of the labour force as well as within the labour force. That is where the role of labour marketing intermediaries and the whole functioning of the market comes in.

In the table following page 10 of the paper, which is taken from the Economic Council's report, I have indicated the methods by which people search for work, and, turning it around, these are the same methods that employers use to search for workers. So the market functions really through these mechanisms, either through formal intermediaries such as Canada Manpower Centres, private employment agencies and unions, or through newspaper advertisements or on an informal basis, such as through friends and relatives, or through canvassing.

So the market concept involves a number of ways in which people in jobs get together. The question is: What is society's interest in this? What is society's objective in relation to this large number of people who change jobs each year? A continual sorting process is going on and the question is what role should society play and how is it involved. That is where the question of the formal intermediary operated by public agencies comes in.

In the paper I have tried to trace very briefly the early origin of the public employment service, which really had more of a social objective to reduce abuses of private agencies and, during depressions, to reduce bias and discrimination where the situation was that people were desperate for jobs and you needed some basis for rationalizing the jobs and assisting the workers. So it was social rather than economic in origin.

In the 1930s there was some movement towards a more economic objective. This underlay the setting up of the Unemployment Insurance Commission and the National Employment Service. But it was not until the mid-1960s that the economic role came to the fore, when the objective was to have the long-sustained period of growth in Canada continue but without inflation. The view then was that there was a dilemma between unemployment and inflation, and I quote a statement from the Economic Council's Second Annual Review. The means that they suggested

and in fact emphasized were labour-market operations, and they gave the critical role to the employment service, as it was then called. It was the employment service that was going to provide the main vehicle for allowing Canadian growth to continue without inflation. Well, we have had a decade since then and many things have changed, and I shall not go into that aspect, but I shall talk about the role as an intermediary.

Senator Croll: Would you mind repeating the last statement you made about the role needed to continue to fight inflation?

Professor Meltz: The role was through increasing labour mobility. I believe there is on page 2 a statement outlining that the major emphasis for dealing with inflation or allowing growth to continue without inflation was through bringing labour supply and demand together through better managing, and they go on to suggest that the primary role should be through employment services. Then they go on to talk about deficiencies and make the suggestion that led to what was coincident with the establishment of the Department of Manpower and Immigration.

The Chairman: There was a summary of the paper by Professor Meltz, Implications of Manpower and Policy, and I just wanted to ask Senator Croll if he had a copy of that. It may be that you did not get it. We will have copies made right away and then distribute them.

Professor Meltz: It was in the context that an economic role for the employment service was set out in the mid-60s that led to the formation of the Department of Manpower and Immigration because labour policies would include not only bringing together Canadian trained workers for jobs in Canada but also foreign trained workers brought in as immigrants to the jobs. So the idea was that they brought all sorts of labour demands and supply together through the employment service in its new context, and the Department of Manpower and Immigration was newly retitled the Canadian Manpower Division with the former placement officers now called counsellors. Everything was designed to provide this primary role for the department as a means of dealing with problems identified in the mid-60s permitting growth to continue without inflation.

If you look at the role in matching, you could ask what should be the objectives of an employment service even given the more limited definition of not so much in solving all economic problems but just bringing workers and jobs together. In the paper I suggest that perhaps the definition of the role was not as clear as it might be, and that we are, perhaps, faced with the situation where we should decide exactly what the employment service should be doing, what the objectives are and how do we measure and decide whether it is performing its function effectively. That was the problem to which I addressed myself.

I set out three criteria in the paper—on page 3. The first, simply to bring jobs and workers together—job seekers and job vacancies. The second tried to reduce the time and the cost that is involved in the search process. The third is to try to improve the quality of the matter, and that quality being measured in terms of how long people stay in jobs because you could get a job and stay there for a week or for a year. To the economy, the longer you stay—and there are limitations—but the longer you stay and provide stability means there is less interruption in production or earnings and from an economic point of view you want to ensure larger total output and greater earnings, and these

are the objectives that one should bring to the measurements of the role or the objectives of the labour market as a whole and the Canadian Manpower service in particular. Then one would also add how long vacancies are unfilled and what wages people end up with.

It must be remembered that the public employment service provides subsidies both to workers looking for jobs and to employers. For workers it means that they go to one place where a lot of information is assembled and they do not have to travel all over the place, perhaps even around the country searching for jobs, looking through newspapers. The information instead is brought directly to you, and that is a subsidy in that it saves time and outlay. So far as employers are concerned they are given information on workers and this means that for them it could save time and advertising costs and also could in effect allow firms to hire workers without having to raise wages as an alternative. Because you could advertise and raise wages and let the word spread around that you have vacancies and that your wages are going up. So, as I said, having a public employment service involves a subsidy to both workers and employers and this presumably is in return for a better functioning labour market and more output, less unemployment, unemployment periods of shorter duration, et cetera.

Then there was another section on how we would measure it. I do not think the present system of measuring is really effective. One that is used, and the minister has referred to this, is the number of placements as a percentage of the labour force. I believe he indicates in his statement that the number had increased.

Senator Croll: I think he said that it involved a million.

The Chairman: It was 25 to 35 per cent.

Senator Grosart: He said it was the best in the world.

Professor Meltz: He indicated that the number of placements in relation to the labour force was the largest of the countries he had looked at. This is on page 13 of the statement. He gave the figure. He said that they were filling 25 to 35 per cent of all openings, for 12 per cent of the labour force. Then on page 8 he compares the number of placements in 1966-67 with those in 1973-74 and that is where the figure of a million comes in. He quotes the figures of 788,000 for 1966-67 as compared with a figure somewhat over a million.

The difficulty with that figure—and it is correct because it has come from the Department of Manpower and Immigration—is that in 1965-66 the number of placements was 960,000, so it dropped from 960,000 to 788,000 and although the figure of 11 or 12 per cent is quoted as a recent figure, if you go back to the mid-1960s or even back to the 1950s the figures were running to 13 or 14 per cent—the same figure. So I am having some difficulty with this measure because although it is true that it has increased from 1966-67 to the present time, the fact is that earlier in the 1960s it was much higher. That 1966-1967 figure is in a low period. The question is, if you use that as a measure of effectiveness, is the service more effective now than it was? And in the mid-sixties was it less effective than it was in the early sixties? I could draw it on the board. It goes like this, with a dip in the mid-sixties. We would have to correct, of course, for whether we are talking about a recessionary period, since you would expect placements to go down during a recessionary period because there were fewer jobs.

The figures in the mid-sixties are very low. That was the period when the new department was established, when there were questions as to what was the appropriate objective of the employment service. There was a period of uncertainty there as to what its role was. Certainly placements went down. The question is, what effect did this have on the functioning of the labour market?

Senator Grosart: The ratio may be inverse, unless you multiply the placements by the days worked in the year.

Professor Meltz: Yes, you should take that into account as well; exactly.

Senator Croll: It did not have any effect on the labour market. That is what you think, I agree; but can you now, while you are thinking aloud, tell us what you think brought it about? Because these figures are a bit startling when you realize that we have not really improved.

Professor Meltz: Well, if I may just qualify that, if you use that as a measure of quality, it would suggest that as a percentage, no, we have not improved.

Senator Grosart: The more times you place the same fellow in the same year the better your record is.

Professor Meltz: I know, and the employment service does not know. That is one of the gaps in the information. Until we know we will not be sure. I do not know how many times the same person and the same job is being turned over. Remember, it does represent a subsidy to firms as well as to workers.

Senator Croll: Is it really vital? Does it amount to something?

Professor Meltz: I do not know.

The Chairman: If the indications are that 30 to 50 per cent of the general turnover in jobs is concentrated in a much narrower segment than 30 to 50 per cent of the employees, then it would indicate that it is very significant.

Senator Croll: Is that your experience?

The Chairman: I do not have any empirical data, but I would have to say that is my perception of our experience. I do not know whether anybody has any empirical data on it, do they?

Senator Croll: It is not my experience, that is all. I have no data, but when you get into these numerous turnovers, that is not my experience.

The Chairman: If you are talking about general turnover rates, yes; but I was talking about whether it is confined to a smaller group.

Professor Meltz: It is. In terms of occupations it would seem to be. When I did a study for the Manpower department six years ago, I tried to compile some information on this by looking at flow data; that is, the number of orders received by occupation, and the number of placements by occupation.

Senator Grosart: Would it be higher in those who do not have tenure of office, like professors?

Professor Meltz: And others, yes.

The Chairman: Like senators? We might as well get that in before he does.

Professor Meltz: Yes. I think there are a number of us in the same category. Seniority is another aspect.

The Chairman: Please proceed.

Professor Meltz: It would seem to be concentrated in certain areas. You could ask the question, why is it that the CMCs do not know what occupations they are involved in?

Senator Croll: That has been an important matter for years with us. In a department like this, one would have thought that somebody would have gone to the trouble of saying, "Joe, look after this." There are enough Joe's around there.

Professor Meltz: I did a study for them in 1967-1968, and that was one of the recommendations in the study, that data by occupation be prepared, because you did not know where you were involved. Now, the problem is that we talked about hirings and separations, and we did a study of what was called penetration. Even though that hiring survey stopped, the survey in the department, or the data in the department that went with it, still carried on, and still carries on to this day, on an industry basis, because they used to decide not only what their involvement in total was in the labour market, but also by industry, because the hirings and separations survey was prepared by industry. So then you could say, "All right. Not only are we filling 30 per cent of all of the new positions that have opened up, but we are filling 'X' per cent of those that are opening up in the construction industry, 'Y' per cent in manufacturing, et cetera." Now, when that hiring survey stopped, the other data, namely, on where your placements are, still continued on the same basis, and continues to this day.

Senator Hicks: So what you are saying is that it would not be all that difficult to compile the needed statistics, which are not presently being made available.

Professor Meltz: No. It would certainly be a lot easier if all of the information computerized. If it is on a manual basis, as it is now, you have to give up something, and you have to give up the industry calculation unless you wanted to put more resources in. Personally,—and I have said this to the department in a number of meetings, as I did in my report—I think something would be gained, and that the cost of doing it would not be enormous. Why was it not done? Well, one of the problems was that the occupation classification has changed a number of times, for good reason. The new Canadian classification and dictionary of occupations was introduced for the 1971 census, and later in 1973, in the department. This in itself was a major development that few countries have. We have all our records now in the same classification. So one of the reasons for delaying this could be the attitude of, "Why introduce a classification that we know is going to be changed?" Another may be inertia. A third may be the attitude, "Well, there is no point in changing now. When we are computerized we can do this, and so we might as well wait until we are computerized and continue with the old records." I raised this at a meeting of economists in the department a year ago. It had not changed since then, and it had not changed when I talked to some people in the fall.

Senator Croll: I understand the Revenue department and Statistics had priority on the computers. Do you know whether that is so or not? They have been highly computerized over at Statistics. You knew that, did you not?

Professor Meltz: Yes; but I cannot answer as to whether this was a factor in the department. What is true, however, is that the department does not know, and the Manpower Centres do not know, although they have done a pilot study, and I believe that is in their submission, what occupations they place people in; nor do they know how many individuals turn over each year, or how many companies continue to fill the same order.

I made reference to a statement that a former counsellor had made when I was doing one of my earlier studies. She said that she could not take it, because in the service occupations—waiters, waitresses, laundry workers, and so on—she felt that the same people in the same jobs kept coming in, she would place them, the jobs would be vacant again the same people would be coming back, and she felt she was not doing anything. She felt she was turning over the same people in the same jobs.

The new job information centre concept, I think, is a major breakthrough that should partly deal with this problem, in the sense that you could say to people coming for jobs, "Here are the jobs. You do the sorting." This is a major conceptual innovation, because the former concept was that the department not only would presumably like to place a larger percentage of job openings than a smaller one, but, secondly, that they should do all of the placing and individual matching.

The Chairman: To put the job information centre, though, in its proper context, it really is a classified newspaper advertisement with a box number, is it not?

Professor Meltz: That is right, and an organized one. The newspapers are very disorganized. In the newspapers jobs will be classified, I believe, on the basis of the first word, so it could be under "A" for "A clerical worker", or "C" for "Clerical", or "G" for "Good clerical workers required". It is done in an organized way in the job information centre. I think it is an excellent concept, but where the conceptual breakthrough really comes in is in saying, "We are not going to do all this matching. We are not going to make the decision as to which worker should go to which jobs. We are going to open up the files"—in Sweden they call it the open-file system—"and say, 'Here are the jobs. You decide which ones you are interested in. We will then determine whether you are job-ready or not.'"

For me it was a major conceptual breakthrough, and one that people like, and, I think, rightly so. But also the other service, kept in the conception in Sweden and the United States and elsewhere, is that you let people do more of the sorting themselves—that is, those who can—and those who are having problems, either workers or job seekers, will get more attention.

The Chairman: One of the difficulties of it is that the employer believes that he is getting screened applicants when he deals with Canada Manpower.

Professor Meltz: That is correct.

The Chairman: It may be wrong of him to believe that, but that is what employers do believe. The job information centre means that he gets more unscreened applicants and it seems to me that this tends to affect the employers' view of how effective Canada Manpower is and when he gets these unscreened applicants—or largely unscreened, not totally—from the job information centre he says that these people are not sending him the people he wants.

Professor Meltz: This is one of the problems to touch on and that we might want to discuss here—that is, how much screening should be done, and should the screening by Canada Manpower Centres in effect be an extension of the present personnel department in doing the screening, which is what private employment agencies in a sense do?

Senator Croll: What are the counsellors doing?

Professor Meltz: A person looks over the jobs, then he goes to the counsellor and says he understands there is such-and-such a job available. The counsellor then asks questions to determine whether that person would suit the job. I am not sure whether there is in fact any loss in terms of the screening. There is not as much time taken in keeping the records and going over the job history. There may be some loss, it is true. The problem is that when you get these massive droves of people to the labour market and job searching, is it possible for Canada Manpower or an agency to do the work that would be done in a personnel department, doing that screening. I am not sure whether one can or not.

Senator Neiman: Or whether it should be done, whether that should be part of the role, the relative benefits and costs as between the public and private services.

Professor Meltz: Exactly. There may be different ways of accomplishing the same thing. There may be ways of splitting, in terms of spending more time on testing people, in areas where there are jobs for mechanics and where specific information can be obtained to determine whether the people have the skill. Basically, I am not sure whether a public agency can act as an extension of the personnel office. For small and medium sized firms that cannot do it themselves, or for large firms that may want to subcontract it, in a sense, I do not know what it really involves. That is again because of the lack of information. One may assume that the CMC would be useful to small sized firms that cannot do it themselves, or to the large firm where there is a tradition of hiring semi-skilled or other labour through a certain route. I do not know and I really have reservations about their being able to perform this function adequately. It would cost a lot of money.

Mr. Chairman, shall I give a complete statement on this?

The Chairman: Yes, please do.

Professor Meltz: The alternative that I propose is to measure the actual functioning of the market, how long it takes people to get jobs, how successful they are, what the gaps are in the problem areas of the labour market. If you use this approach, it would involve taking new measures and getting additional information. It may involve at least pinpointing the role that the Canada Manpower Centre is performing. That is one area that may have to be clarified.

There is also some suggestion as to whether it may be an improvement. There is the question of size of offices; there is the question whether fees should be charged for special services. This should be considered, if provision of information is another area that you make recommendations on. As an overview, I have said in the paper that the performance seems to be a respectable one. As I note in the paper, there are reservations because I think there are large gaps in the information. If you look at the aggregate measures, just the broad data in regard to the numbers, it would seem to be a respectable showing. But to answer that, and to say what should be done, what it is supposed to be, to put it specifically, what measures will provide the indication of

this success, I think we still need to have some formula introduced, and then we need additional data to be able to answer it in a definitive way.

Senator Carter: Is it much of a job to calculate the average length of time a person stays put on the job before it turns over again? As to this one million jobs, I cannot attach any meaning to it, because I do not know what it means. The one million might be one million people who work for one week or it might be 100,000 people who work for ten weeks. To my mind, I cannot understand it, I cannot see how you can measure it in any meaningful way, what placement would actually add up to, unless you know to some extent the amount of work involved.

Professor Meltz: I could not be more in agreement. You can do it in a variety of ways. Probably the easiest would be a sample survey, but in order to do it you have to know where you are placing people, and right now I think of industry. If you place people in manufacturing, you could be placing clerical workers in an office or machine operators, or unskilled workers. In order to conduct this measuring, you have to know where you are placing them, what occupations they are going into, and then take a sample of this and see how long they stay in these occupations. We are not at that stage yet, so I agree with you, and that is why I put so much stress on information. We just do not know what they are doing and whether it is the same people being turned over, or whether it represents mostly new people who stay in jobs a fair length of time. We do not know. At least, I do not know.

Senator Carter: My question is, is it too costly to watch this?

Professor Meltz: It would be easier if the information were computerized. Then all you would have to do would be to take a sample of the work that took place, follow it up every three, six, nine or twelve months to see whether the people were staying in the job.

Senator Hicks: You would still have to address questionnaires or some information-gathering vehicle of some kind to the employers? That would be the most reliable way.

Professor Meltz: Yes, that would be the most reliable way. An alternative would be if you kept track of the sample people you placed, if they came back to Canada Manpower, and then you do not know how long they stayed with that employer.

Senator Hicks: I was going to come to that point, but we have reached it now. Would it be relatively simple to know whether, in the one million placements you have had, say 100,000 involved five-time repeaters or something like that? I suppose you would say that until the whole thing is computerized it would take a large amount of work to get that data out?

Professor Meltz: It would require a fair amount of work. I am not a statistician. It may be possible to estimate this by taking a sample. I think you could do something like that, but to be statistically reliable it would be better to have the computerized record.

The Chairman: You say they do not know. Why, in your estimation, do they not know? It would seem to me that the two things they would be interested in are: one, is the placement problem being concentrated on relatively few people or a high percentage of the people they are placing;

and, two, as Senator Carter says, are these placements really effective or are they short-term placements?

I was in a centre not long ago and I was told, perhaps erroneously by the manager of the centre or by one of his counsellors, that when they refer somebody to training that is the same as placing them in a job, that they go off their immediate records at that stage.

Senator Hicks: So that counts as a placement, if they are in a training institute.

The Chairman: Yes. For the life of me, I cannot understand, if you spend \$400 million on training, why it is sufficient to say that that person is placed the moment he is put into a training school. I would seem to me that you would want to know whether the person took the training course, whether he was successful at it, whether he got a job as a result of the training course, and so on. I may have been misinformed in this case, but the direct statement was that once they were in the training course that was a placement. That was the end of the matter unless the person came back of his own volition.

Professor Meltz: There are two points on that: One, when they go on training they are not actively in the job market in the sense that Manpower counsellors have an obligation to place them. They would go off the record in that sense, and, until they emerged from the training program the Manpower counsellors would not be looking for jobs for them. And, second—

Senator Hicks: Professor Meltz, if you refer a prospective employee to a training program, then when you make up your statistics that is one placement for him. If he successfully completes the training program and you find a job for him through the Canada Manpower Centres, that is a second placement for him. Is that not so?

Professor Meltz: I must honestly hedge on that. I would want to check into that, because, if you had asked me, I would not have counted that as a placement.

Mr. Damase Toupin, Director General, Manpower Client Services Branch, Department of Manpower and Immigration: Mr. Chairman, I must support Professor Meltz on that.

Senator Hicks: In other words, the training interval is not counted as a placement.

Mr. Toupin: No. It is put into a dormant file until such time as the person emerges from the training program. Actually, a "BF" is placed on the file about 15 days or a month before he leaves the training program so that efforts are made to place him then. I am afraid you were given the wrong answers, Senator Everett.

Senator Hicks: So the bald statement that there would be two placements is wrong.

Mr. Toupin: Yes.

The Chairman: Does the Manpower counsellor then try to get in touch with the trainee?

Mr. Toupin: Yes, he does. Or, to be perfectly truthful, he should try to do so. I hope that in most cases he does.

The Chairman: I think I found an office where it may not be pursued as assiduously as you would hope.

Professor Meltz: The second question, Mr. Chairman, is: Why did they not follow up?

The Chairman: It is not just the trainees. The trainees was an example, but the main question is: Why do they not follow up this question of the length of service and turnover?

Professor Meltz: The trainees are followed up as part of the benefit-cost analysis of the training program. There are several surveys after the training is completed to find out whether the workers are unemployed or employed, and what their wages are. This is part of the measurement. Unfortunately, to a large degree the results of this are not made public. I am not sure why. At any rate, there is a survey and there are measures of the benefits and costs. The idea is to find out whether the people were successful after leaving the training program in getting employment and to find out what wages they got. There is a follow-up on that part.

The next question, however, is why they do not do this—why they do not know where they place people or for how long they have placed them or how often they have come back. I wish I knew. I have been advocating that inside and outside the department and to the department. I do not know why. One reason may be inertia. It could be that the survey just took on a life of its own even though the other survey stopped.

I know there were some discussions, because when I completed my study they were supposed to at least go into the recommendations. This was accepted by the deputy minister and committees were formed to look at the recommendations. This was one of them. There were problems in preparing the data and there were some costs, but to my mind the costs were far outweighed by the benefits of knowing exactly how you stood. I do not know why this was not done. It may be that other criteria or factors loomed more important. Knowing who you place, where you place, how successful you are, where your business is and, if you are really concentrating on a certain occupation, whether you are doing a good job at that: I could not agree more that those are the important things.

Senator Neiman: I asked that question at the Manpower Centre I visited some time ago. My impression was that the answer is lack of manpower. At that particular centre they simply did not have the manpower, the staff, to keep following up, although that would be the ideal situation.

Another aspect is that, although they ask their clients to keep in touch, they do not do so. In fact, the centre gives the client a card to fill out and return, but people simply do not do that. It is part of an inertia not just peculiar to government.

Senator Hicks: That is why I said a follow-up must be done through the employer. But, in that case, the poor employer becomes involved with more forms to fill out and more government red tape, as he will see it.

Professor Meltz: Well, right now when a job seeker is sent to an employer a form accompanies the job seeker and the employer is supposed to return that form. Often the employer does not do so.

In my opinion the only feasible method is through a sample follow-up. You would have to select a sample of workers who had been trained and sent out and follow up that sample to find out whether they obtained jobs and how long they held them.

Senator Croll: Perhaps you could obtain the information through the unemployment insurance office, if they would give it to you. They could feed it to you almost daily, if they would.

Professor Meltz: That could certainly be a possibility.

Mr. Chairman, I have nothing further to add in terms of a performance statement.

The Chairman: Thank you, Professor Meltz. Senator Hicks.

Senator Hicks: First of all, let me say that your main paper is interesting and provocative. I am sure I express the opinion of the other members of the committee when I thank you for a job well done—insofar as it can be done in 18 to 20 pages. I have read some of the other papers or synopses of them supplied to me, including the one circulated this morning. I should like to refer to that later this morning and question you on a number of its aspects.

We had as a witness yesterday a man who is involved in the private employment agencies. I understand that at our next sitting we will have another witness in that category. This morning you have made reference to private and public agencies, and I should like you to talk just a little about the two.

I come from an area of Canada in which there are few, if any, private employment agencies. We were told yesterday that more than two-thirds of all such agencies are centred in this part of Canada and that more than two-thirds of the volume of work they do occurs in the Ontario region, or perhaps in the Ontario-Quebec region.

Would an ideal society have only one employment agency? Would an ideal society get rid of all of the private employment agencies? or, on the other hand, is there validity in the proposition put forward yesterday by our witness, Mr. Coke, that the Canada Manpower Centres would stay away from trying to place people in the executive and professional categories, and that these be left to private agencies which are more efficient and better handle them? In other words, I would like to know some of your views, and I hope those of other members of the committee, about public versus private employment services.

Professor Meltz: You were saying the ideal. Perhaps I should say my ideal, because there may be a number of ideals. In my ideal, they would be permitted.

Senator Hicks: They would be?

Professor Meltz: They would be permitted. The way they operate now, they are not allowed to charge the worker, but they charge the employer. I think there is a long history which justifies this basis.

I believe in Alberta they were outlawed completely. In most provinces their activities were curtailed very sharply after a period of long abuse, and it is only recently that it has been allowed back in.

Senator Hicks: I understand they are now controlled and are legal in all provinces except one, which yesterday was stated to be Saskatchewan. What kind of abuses? You also referred to the formation of our public service as being stimulated by abuses in the private agencies.

Professor Meltz: As Professor Fric showed in his study, forms of kickbacks, charging workers to get jobs, and then having a turnover of workers. In other words, the worker

paid the fees, would get a job, and then would be fired. The new worker would pay to get a new job and the fee would be split between the employment agency, the employer and the worker who was fired, et cetera. There were abuses of this kind. They were even charging workers, sending them to a job, they would pay for information concerning a job, go to the employer and then find there was no job. The worker would come back to the agency and the agency would say, "I am sorry, I understood there was a job."

Senator Hicks: And he had still paid the fee?

Professor Meltz: That is right.

Senator Hicks: Notwithstanding these abuses, which it is generally conceded had some influence on the setting up of the public services, you still say you would allow the private services. Under what circumstances and conditions? What proportion of the market should they ideally have?

Professor Meltz: I do not know whether I could come up with an ideal figure. I am basing it on a measure of the effectiveness of the labour market. The question could be asked, why would an employer pay for a service he can get free?

Senator Hicks: Because he thinks he can be better served by paying for it?

Professor Meltz: That is right.

Senator Croll: But it is not the same service.

Professor Meltz: That is what he thinks. I could give an example of a chap who obtained job through both a public and private employment agency, doing exactly the same work, giving him the same amount of screening. The only difference was that the employer was paying more for hiring on one occasion through a private employment agency and at other times through Canada Manpower. The employer felt he was getting more because he was paying for it.

Senator Hicks: Do you think there are some categories of employees who are better served by the private agencies? Out witness yesterday afternoon said that Canada Manpower Centres should get out of the business of trying to place senior executives and highly trained professional people. Do you agree with that?

Professor Meltz: No. One presumes that Canada Manpower Centres are not involved heavily in this. In Toronto there is the clerical and professional service. Canada Manpower is not geared for this. The question is, should Canada Manpower charge fees and perform special services over and above what it does normally?

Senator Hicks: I am bound to say that the proposition that Canada Manpower Centres should stay out of this area did not seem to me yesterday to be too unreasonable. I would like you to change my opinion on that, if you can.

Professor Meltz: If our objective is to improve the operation of the market—that is, to bring people and jobs together as quickly and as effectively as possible—and if some employees are prepared to pay for that, that is fine. Should a public agency have enrolments? I would say that it should, or at least it should be allowed to try. If we want to have it on a fee basis, we would be able to see whether it can compete on this. The problem at present is that it requires more resources to place managerial people. It

requires more screening. I say it may require. I am not sure. It may be a question of just requiring more contacts. I would have to hedge on that. It may require more work, which is more than one could expect the Canada Manpower to undertake without additional funds. The question is, should more resources be added and put in without charge? I am not sure why this category would be excluded and all others included. If employers are prepared to pay for this now, should we let them pay and forbid the employment services from doing it?

Senator Croll: You are changing a very serious principle, on which we have relied and which has given life and substance to our employment—no fee; and suddenly you get into a fee. For example, I come up for a job, and he comes up for a job. I pay my fee, and he doesn't, and says, "You know what it is; they have paid," and you have killed the whole concept.

Professor Meltz: I was raising this in the context of providing an additional service. The whole question of the pricing of public services is a difficult question.

Senator Hicks: I suppose you would charge fees to people who were placed in jobs paying more than X dollars per year. That would be one basis for doing it. It seems to me that Senator Croll has made a good point, that we would be departing from a cardinal principle if we start charging fees. If there are services for \$50,000-a-year executives who need to be placed or replaced when the time comes, and they can afford to pay a fee for doing it, and so on, and they feel they are better served that way, why not let the private agencies have this and leave Canada Manpower out of it?

The corollary is, I suspect, that the private agencies now have very little to do with providing mill workers, ordinary labourers or even construction workers, and so on.

Professor Meltz: Most of their work is in clerical, and the Canada Manpower Centres are also in clerical.

Senator Grosart: Surely the criterion here is what the employer wants? I know of one case where an employer was quite ready to pay \$250 to screen a nightwatchman. He needed that kind of screening. Surely it does not matter what the wages are. In the case of a \$50,000-a-year man, the client may say to Canada Manpower, "Have you got one?" On the other hand, he may say, "I want a certain screening," but it is much more than a screening; it is aptitude testing, and it is not uncommon to have a fee of \$1,000 to test. Surely it is what the client, the employer, wants. He decides. Surely there can be no suggestion that an employer would suddenly be told, "Under the law, you cannot do the best job you can to match the job to the man."

Professor Meltz: I would not do this, but some countries have. In Sweden private employment agencies are outlawed. I would not do this.

Senator Grosart: It depends on what you call them. Most of them do not call themselves employment agencies. In Sweden, if you say, "You are going to see psychologist X," that is what they will do.

Professor Meltz: That is right. It is often got around or winked at. Why should we outlaw them when there is a service and people are prepared to perform? The question is whether Canada Manpower Centres should have counsellors available. I would say they should on at least one ground—from the point of view of employers. If they are

prepared to pay, let them. On the other hand, what about unemployed executives? Should they have anyone looking for jobs for them? If we look at the success rate of private employment agencies, their record of success—this is a crude measure—is not as good as the Canada Manpower Centres.

Senator Hicks: But they are working with people who are more difficult to place, probably. But even then perhaps we do not have enough data to make that statement without qualification.

The Chairman: We may not have data, but we did have evidence yesterday from Mr. Coke that it was his estimate that private employment agencies, while they handle a low volume, place 60 to 70 per cent of their applicants.

Senator Carter: And they stayed put; about 80 per cent had stayed on the job permanently.

Senator Hicks: But that "permanently" meant a period of six or three months, or something like that.

Senator Croll: It seems to me that each one should do his own job. For instance, we as a government can do a job far beyond that the private agencies can do, but there is a special job that they can do, and until we are able to do our job well—and we are not doing it very well yet—should we not stay away from that specialty, leave it to specialists and let them continue, instead of getting into it ourselves?

Professor Meltz: Well, senator, I would like to know what resources they really put into this. I have the impression that not that many counsellors are into this area to begin with. You see, what you are really saying is this, you are asking if Canada Manpower Centres should accept orders for a manager, or if an executive is looking for a job and is unemployed, should we say that we, the Canadian public or the Government of Canada Manpower Centres, should not accept his application? Should they say, "We are sorry, but we do not accept applications from unemployed executives; you have to go to a private agency"? That is the big question for me, and that is where I am drawing back a bit.

Senator Croll: I agree with you generally, but that is not exactly the point I am making. A man comes in to the Canada Manpower Centre and says that he is looking for a job and he is told, "We have arranged with the X executive agency to handle people like you because they are better qualified." So the man knows who he is dealing with, he is getting complete service, nothing is being tacked on, and at the same time he is not being turned out of the office.

Senator Grosart: But how do you define an executive? Where do you draw the line and say, "Even though you have paid your taxes all your life, you cannot use the Manpower facilities"?

Senator Croll: He can use it, but we have to say, "We cannot fit you as well."

Senator Grosart: You cannot say to him, "You cannot go there because you happen to be looking for an executive job. You want to be the executive of the local Boy Scouts."

Professor Meltz: That is why you need people to be able to decide whom you can deal with and whom you cannot deal with. I would not be opposed to that as long as you screen the private agencies to see whether and how they are doing it. How effective really are their operations, and how much of it is because people think that because they

are paying something then they are getting something more? I think we need somebody to be able to act as a watchdog and to be able to put some input so as to be able to know to which agency to send them. Probably as a government office you would have to be able to say, "Here are a number of firms."

Senator Hicks: We cannot recommend A against B.

Senator Neiman: I think what we are really talking about is the philosophy of our government and of ourselves as individuals as to how we want to balance the private and the public sectors. How much intrusion into the private sector are we prepared to advocate or to allow? Senator Hicks had to leave a little early yesterday afternoon, and I think it was right at the end of our hearing that Mr. Coke also got very strongly on to the point that he felt that CMCs should be out of the casual labour market which is entirely at the other end of the spectrum. So what he really is saying is, "Stay out of our market where we think we can do a better job." My feeling is that we should not be out of the executive placement market insofar as we can play a role, and I think that in a society it is beneficial to have these tensions and these elements of competition.

Senator Croll spoke about the fact that we are not perhaps sufficiently geared and that we should allow them a clear field; that is, until we can do a better job. I do not agree with that concept any more than I would agree with the converse concept. We stepped into this market because the private sector was abusing this service in some way. I think we have to decide where we can do a better job, because if they are not doing a good job, then we are going to have to do it in some way, and then job seekers and employers will turn to us.

Senator Hicks: That is very true. If you have a question as to public participation versus private enterprise and so on, I am not prepared to accept the proposition that you let the private people do everything they want to do and the government only does the rest of it. That means we are always going to be working in the area where the likelihood of success is the lowest.

Senator Grosart: Or the other way around.

Senator Hicks: My second line of questioning was going to deal with what you call the quality of the match, and you talked a lot about that in the course of your preliminary remarks. I have no further questions to ask in that regard now, except to deal with one point. Reference was made time and again by yourself, in your verbal statement here today and to a lesser extent in your written documents, to the need for computerization of certain aspects of the work of Manpower in order to provide the statistical data that you wanted and in order to make this available to other agencies. Do you know, in fact, whether the department is considering this kind of computerization? Are we a year away from it or ten years away from it?

Professor Meltz: I know that there is an experiment going on at at least one of the Canada Manpower Centres in Hamilton. The Job Information Centre in Hamilton is computerized, but they are going one step further to introduce an on-line system whereby you would be able to find out in an instant what jobs had not been filled. That would have the side effect of providing information as to who had been placed. They are doing some experimentation on this, and it may be a year or two, but that may also be too optimistic. I cannot speak for the department on

this. Of course some information could be prepared now, but it will involve changing certain things and dropping some things that they have been preparing in favour of other things. But to get a full range you would have to computerize, and certainly within a couple of years it could be done.

Senator Hicks: It seems incredible to me that we talk about a million placements and so on, and yet we have no idea whether half of those are made up of 100,000 people who have been placed five times during the year, and it seems to me that this is the kind of information we ought to be striving to get.

Professor Meltz: I think a great deal of this could be prepared without computerization, but to do follow-ups and other things would require additional information.

Senator Hicks: I would like now to refer you for a moment to the paper which you call "Implications of Manpower and Policy" which was distributed to members of the committee just a few moments ago. I do not understand what you mean in the second paragraph of page 3, where you refer to the "trade-off".

The Chairman: To what page are you referring, Senator Hicks?

Senator Hicks: I am referring to the beginning of the second paragraph on page 3 of this summary, which reads as follows:

During the period 1966 to 1970 the Canadian Economy gradually slipped into another recession with an increasing unemployment rate. The objective of Manpower policies in the second half of the 1960's was to improve the trade-off, instead the trade-off deteriorated.

Frankly, I do not understand what that means.

Professor Meltz: This was probably the hottest topic of debate in the 1960s. A "trade-off" involved the relationship between unemployment and inflation. It was observed, on plotting historical data on the rate of change of prices from one year to the next, year by year, against the rate of unemployment in each year, that in years when the unemployment rate was high the rate of inflation was low, and in years when the unemployment rate was low the rate of inflation was high. This was a study conducted by Professor Phillips in the United Kingdom. It was observed that when the unemployment rate was high wages did not increase very much from year to year, but that when the unemployment rate was low wages increased at a rapid rate. This was given the name of the Phillips Curve, as this was plotted by Professor Phillips.

People then began to ask: If it applies to wages, what happens in relation to prices? It was observed that the same phenomenon took place. This concept became known as the trade-off. The debate in the 1960s surrounded the fact that if this was the relationship that one could predict—that is, the higher the unemployment rate, the lower the rate of inflation, and vice versa—then the only way we can lower the rate of inflation is to have more unemployment, or the only way to have less unemployment is to have more inflation.

The next question was how fixed this relationship was. The concept began to be developed that perhaps this trade-off curve, or past relationship, can be shifted; that is, for

each decrease in the level of unemployment, how can we get a lower rate of inflation? This is the concept the debate centred around. One way that was often suggested was through the labour market, and it worked something like this. When the demand for workers increases and the employer cannot get workers, he raises the wages. Eventually, that increase in wages must be passed on in an increase in prices. If we could provide workers, without employers having to raise the wages, as such, then at each level—

Senator Hicks: We could keep down wages and keep down prices.

Professor Meltz: In a sense, that is right.

Senator Croll: Finish your sentence. How do you do it?

Professor Meltz: That was the intriguing thing, senator. Usually, the prescription stopped at, "labour market programs increase mobility."

Senator Hicks: Later on in the same paragraph, according to this summary of Professor Meltz's paper, it is stated:

... the Canadian government decided to reduce the rate of economic growth as a means of increasing the amount of unemployment in the country in order to dampen the rate of price increase.

Did we really take such a hard, cynical line?

Professor Meltz: The Prime Minister made that statement.

Senator Croll: But not recently.

Professor Meltz: No, this was historically. In 1970, I believe, the Prime Minister said that the rate of unemployment would have to rise to 6 per cent in order to avoid inflation.

Perhaps I can use the blackboard to illustrate it. If the rate of unemployment was *here* and the rate of change in prices was *here*, *this* indicating) being zero, the relationship, historically, looks something like that. I will qualify this in a minute. If there was 4 per cent unemployment and 5 per cent inflation and you wanted to lower the rate of inflation, you would have to decide, first of all, whether this curve was valid or whether this was what was observed in the past. In other words, in order to get the inflation rate down to 2 per cent, you would have to have 6 per cent unemployment.

Later on it was discovered by economists that this trade-off curve had built into it the assumption that no one expected inflation. It was discovered that once people began to expect inflation and built that expectation into their wage demands, this relationship would not hold, but rather the curve would move up. In the newer version of this, when everyone expects inflation at what is called the natural rate, which may be 5 per cent, you have this sort of relationship. When everyone expects that we are going to end up with 5 per cent unemployment, no matter what the rate of inflation is, this relationship is irrelevant in the long run.

The Chairman: I should point out to you, Professor Meltz, that in our study called "Growth, Employment and Price Stability" we came to the conclusion that the trade-off theory, although rather battered, was still valid.

Professor Meltz: That is the reconciliation of the third view.

Senator Hicks: It is pretty difficult to say that, in the experience of the last three years when we have had rising unemployment and inflation.

The Chairman: We say that the trade-off has shifted, and I think I would continue to say that the trade-off has shifted. As I say, it has been badly battered, but we did come to the conclusion that it was still valid.

Senator Hicks: I would be inclined to say that it has been knocked for a loop.

Senator Croll: As Senator Hicks said, we wound up with both.

The Chairman: For the time being.

Senator Croll: Well, it has been a long time being.

The Chairman: That is right, but it is still valid. The inflation rate is falling.

Senator Croll: The Americans, who are not the dullest people in the world and who have some brains, have successfully reduced the inflation rate from 12 to 6 per cent, but unemployment in the U.S. is up to 9 million or 10 million, or 10 per cent.

Professor Meltz: I think there is still some validity to it. The Economic Council of Canada modified it, I think, in 1966, and called it the trade-off area. There have been numerous variations.

The accepted view by Professor Rees, who has taken a look at this recently, is that there probably is still some validity to the trade-off concept, that there is some trade-off, that in the long run expectations never fully adjust. So there is some trade-off going on.

This implies, first of all, a closed economy, which we in Canada certainly do not have. We are subject to external forces. Secondly, it implies that governments and other programs do not change. The question now is the role that unemployment insurance changes have had on this trade-off concept.

Senator Hicks: You point out somewhere in your paper that increased unemployment insurance benefits tend to increase unemployment.

Professor Meltz: A number of economists have suggested that there has been some impact on unemployment as a result of increased unemployment insurance benefits.

Senator Carter: When Professor Phillips worked out his original curve, did it not also imply that the workers, the labourers, were not really interested in real wages?

Professor Meltz: They were assuming no inflation, and the whole thing was in terms of money wages.

An article appeared in a recent edition of the Canadian Journal of Economics in which it was stated that all of these attempts to measure Phillips curves, because they did not use real income but money income, in light of statistical techniques are subject to question. In academic circles there is still debate. In the 1960s they were trying to measure it; in the 1970s the question is whether it exists or did exist.

Senator Hicks: I have two more comments arising from this paper, Mr. Chairman, which some members of the committee may find a little more practical. On page 4 of the summary under the head, "Manpower and Immigration

Policies in the early 1970s," you refer to the first attempt in Canada to solve the problem by creating jobs, and not by simply manipulating the existing labour force. You refer specifically to the local initiatives program, and other projects. You say:

No comprehensive assessment from either of these developments has been conducted. Assessments of the LIP Program have tended to paint a mixed picture of success, indicating that some persons receiving LIP grants may have been drawn into the labour force specifically by the LIP Program rather than being unemployed previously.

Then, at the very bottom of that page you say:

With the exception of crisis periods with very high unemployment, Manpower policy has been concerned only with altering labour supply. Virtually no information has been made public as to the results of spending on training programs.

Perhaps I will just complete this, instead of making two questions of it. In the top paragraph on page 5 you say:

Policies to create employment tend to be scattered among a number of government departments. Such programs should be either brought under one administrative roof or at least co-ordinated with programs to alter labour supply. Second, and perhaps even more important, the Manpower policy reaction to a situation of shortage or surplus does not have to be only one of changing labour supply through training.

Now, it seems to me you are suggesting what might amount to very major policy changes in this. Would you care to elaborate just a little bit? Remember that most of the members of the committee have not read even a summary of the paper, and I have just picked out those portions of it.

Professor Meltz: If we are concentrating on the unemployment situation—if that is our major focus—and in the past the role of Manpower has been primarily to try to train people for areas where jobs may be, then the question I have raised is, should this not be more closely co-ordinated with the demand side? Because there are alternatives here. You can either try to train people for where you think there will be jobs, or attempt to encourage the creation of jobs, or try to bring them together. It seemed to me that the Manpower policy, except for these crises—and LIP was set up in a crisis period—has really been a labour supply policy, expressed in either training people, or moving them to jobs, and there has not been much of that, or trying to place them, and we have had this cost-benefit model of measuring the effectiveness of training.

It seems to me that that is really only operating on the supply side; but we have another department that deals with job creation. We have DREE, plus other programs, and we do not have a comprehensive view of how successful we have been in creating jobs. We assess only the supply side, through the effectiveness of training, without looking at the other side, and it seems to me that an alternative approach might be to decide where the problem areas are, and what alternative mix of policies between job creation and/or training, et cetera, might be applied, rather than having these under separate areas—with perhaps some co-operation, certainly,—each going their own way. I cannot say how much co-ordination there is between DREE and Manpower on this. It may vary from area to area.

In Sweden their labour market board also includes this discretion over demand creation, and in a sense, then, we can ask whether their "DREE" is within their labour market board. Is that something that would be desirable here? There was discussion of this, I understand, before DREE was set up. In other words, should the agency dealing with the labour supply side also be directly involved on the demand side? It is, now, through LIP, but LIP is really a short-term program, not a long-term one; so that is the question that I would really raise. That is one of the implications I would like to bring up. At least we should assess it in a co-ordinated way. Perhaps we may want to go one step further, but at least I think we should take an overview, and decide what our objectives are. That is where I get at this question of an annual or biannual review, and ask how successful we have been in dealing with shortages.

What we find is that year after year the same occupations are in short supply, and the reaction is, "We have to have immigrants to fill them." Maybe there are alternative ways of dealing with that problem. Maybe we are continually training people for the same jobs because they are in short supply, but maybe there are alternative ways of dealing with these shortages, apart from simply training and training and training; because we will never solve the problem if people will not stay because wages are low, working conditions are poor, they are in isolated locations, or the work is seasonal, or something.

Senator Hicks: And they will move through that job as soon as they can get a better one.

Professor Meltz: Exactly, and why should they not do so? So we may want to tackle these problems not only through training, which is the only vehicle available to the Manpower department, unless they work through co-ordination. They may want to tackle the problems either through more co-ordinated programs between the two departments, or between a number of departments; but first we have to identify the problem areas, decide how long they have continued, how successful the programs have been in dealing with them, and so on.

Senator Croll: Have these programs you are talking about not brought people back into the labour force who formerly gave up the labour force, in the main?

Professor Meltz: In the short term, yes.

Senator Croll: That is what I gather from talking to the members; but while you are at it, talk to us for a few minutes about the labour people we are having to invite each year to Canada. This is the problem that is plaguing the European continent and that is starting to plague us, in the sense that we bring in Spaniards, Mexicans, and lots of people, because we need them to do special kinds of work which once upon a time was done by Canadians. Now, where are we on that problem? You must have given it some thought.

Professor Meltz: I think we are involved in a dilemma. Why are people not going into these jobs? It is because either the wages are low, or working conditions are poor, or the location is too isolated, or something. The question is, can we change the conditions, raise the pay, make the work more permanent, or do something that would make these jobs more attractive to Canadians, so that there will be more of a long-term need here? Let us take agriculture, for instance. I gather that there would be trains at one time

that would take people from central Canada out west to do the harvesting each year.

Senator Neiman: Yes, that is correct.

Professor Meltz: There is no such thing now. How do we solve that problem? Through mechanization? Just after the war our immigration policy favoured bringing in agricultural workers, and we brought in hundreds of thousands of people to work in agriculture. We did not solve the problem that way, however. People would not stay on the farm; they left. The farms therefore had to mechanize and raise their productivity, as they have, and very successfully, but the problem was not solved through a retraining program; it was really solved by someone investing in mechanization and by increased productivity. In other words, the demand for these jobs was cut down as productivity increased, fewer people spent a longer time at them, and the shortages were taken care of through mechanization and productivity increase. What I am suggesting is that maybe other areas could go the same route, and, in fact, by bringing temporary people in you might perpetuate this very problem, because what you do, in technical terms, is provide the supply at the going wage rate. You increase the supply of people so that when wages rise, one of the things they can do is provide some incentive for productivity increase and mechanization to deal with the situation. If you increase the supply, particularly, there is no incentive, because they are going to get people to fill the jobs at the going wage, and if wages are rising in other sectors, that gap, between wage rates in the less attractive sector and the more attractive sectors, widens; so really, the question is, are there alternative routes to training or short-term immigration to deal with the problem areas?

Senator Croll: But here we are making a study, and it seems a vital one, at this time. One of the great problems that we are facing is exactly that problem, and we are just beginning with it. Now, you are very experienced in these matters. The Continent has not been able to solve the problem. Surely that has been a matter of some thought among people in your profession and others who have been thinking about saying what can be done in this country. How do we stop it? What do we do to avoid it? I have not seen any solutions, or even near solutions, up to the moment.

Professor Meltz: I have not seen much discussion of it either, although I gather that in the Manpower department there is discussion going on on this right now. You see, the thing is, workers were available to do these jobs, and they were knocking at the gates, so the attitude was, "Why bother?"

Senator Croll: Is that not true with us, too?

Senator Hicks: No. There is a sociological problem here that affects some of these people. I will take an easy example. For some reason or other, in this country, to prepare meals, or to do anything that has to do with housekeeping, and that sort of thing, is considered to be vastly inferior to, say, selling dime goods in a five-and-ten-cent store. I remember we once had a marvellous person, a Danish girl, who came to our house; she could prepare and serve a dinner party for 10 people, unassisted. However, she soon found out that in Canada that was not as respectable an accomplishment as selling merchandise at Woolworths, so she left for less money and less suitable arrangements, because the other job had a higher social prestige.

Senator Croll: And she could meet people.

Senator Neiman: Perhaps I could give an example. A couple of years ago I was concerned about LIP and OFY programs in our area and the money being spent by the government on some of these programs, some of which I did not think were very well warranted at that time. At the same time we had large shortages of people to work in our apple and other orchards, where they employ itinerant workers, and the market was screaming for this type of worker. The same thing applied in the tobacco areas. A group of young students told me that they would be happy to work in those areas. They said, "We know the work is tough, but we would do it if we could all be together, if they provided some sort of accommodation. No matter how rough the work, so long as we could all get together we would enjoy it." However, the government has not seen that as a problem. It would seem to me a feasible way of looking at it.

Every year in the tobacco areas there is this problem of trying to get workers, with dreadful accommodation in many instances, I gather. If the government made some imaginative innovations in those areas to attract youngsters who would like to come and spend the summer on a farm, if the wages were reasonable and they could all be together, I think we would solve two problems at the same time, rather than setting up more temporary OFY programs.

Professor Meltz: I agree. There are certainly many areas that could be explored. The other question is whether there is any possibility of mechanization if year after year we cannot get workers. I do not know anything about tobacco harvesting. My wife has strong will power and I no longer smoke.

Senator Croll: In southern Ontario, where we have tobacco, tomatoes and so on, I have lived with it for fifty years and I know what it is. These people are doing everything they possibly can to avoid the problem. They have mechanized everything else. It means they now need humans in there. I do not know what the situation is in northern Saskatchewan. In southern Ontario they have not been able to solve the problem. In Pelee island they need people who can bend over to harvest the crops; the Belgians do that best. This has been going on for ten years. What happens? When do we do something about solving the problem? Is it our business here to offer some solution. We have to come up with something here as a result of our studies, because it is a growing business; it is not a cancer, but it is a growing business. I am glad we have brought you down this morning, professor. What is the solution?

Professor Meltz: I wish I knew; I wish I had a simple answer.

Senator Hicks: It is like the fellow who goes to the Manpower Centre who thinks all his problems are over. Just because we have brought the professor down from Toronto we think we will get all the answers.

The Chairman: We want an answer in thirty words or less! Maybe Senator Hicks ought to have an opportunity to complete his questioning.

Senator Hicks: I have a few more general questions, but I am quite happy to yield.

The Chairman: Let us complete your questioning first.

Senator Hicks: The next general topic I would like you to reflect on, out loud for a minute or two, is the question of the separation of the unemployment insurance offices from the Canada Manpower Centres. I know something of the historical background and the fact that the association that once existed tended to make everything seem negative, that these were not employment offices but were unemployment offices. Against that, however, it seems that there is a highly attractive argument for enabling a person out of a job to go to one place, where he can see that his immediate and temporary needs are looked after; there should be a way of minimizing the paper work, the date gathering and all that kind of thing, and he can also look for his job. Is this an impossibility? Is this sort of prejudiced attitude of the unemployment aspect such a negative from the positive, on-going job-seeking function of the Canada Manpower Centres?

Professor Meltz: No, if it were done in a different way. As far as I know, at one time every UIC office was also in NES office, and every NES office was also a UIC office. It makes eminent sense to have within a UIC office job information and job placement going on. I do not think it necessarily follows that every CMC should also have an unemployment insurance office in it. In other words, the unemployment insurance office should have some job information, and perhaps placement work going on them. I agree that should certainly take place.

I would not go so far as to say that therefore they should be re-merged and every CMC office should be a UIC office as well. In other words, I see the Canada Manpower Centres performing a number of roles, one of which is bringing job seekers and job vacancies together, which should provide information to unemployed at the same time as they apply for unemployment insurance. I also see people looking for work at other times, in addition to applying for unemployment insurance, and therefore there is no reason why there could not be other offices that were just Canada Manpower Centres.

On way would be simply to have a CMC in every UIC office, and have other CMC office that were not in together with a UIC. A second way would be to expand the role the UIC is now playing, which is that of trying to place some of its own people. A third way would be to have a branch of CMC but call it something else; in other words, do placement and job order work in the UIC offices, perhaps having it under a different designation.

Senator Hicks: Why?

Professor Meltz: If there is a serious problem with this image—and that is the only reason—or, as you might want to do, because I have mentioned the size of the offices—

Senator Hicks: Perhaps I might comment on that. You need more, smaller Canada Manpower Centres rather than a build-up of large offices.

Professor Meltz: Where does size come in? The private employment agencies tend to be smaller and located near where the jobs are, so that individuals contact employers and therefore perform that service close by. The advantage of having some small CMCs as well would be felt in occupational areas where they are highly concentrated now anyway, to be close to where the jobs are. If that were done there would be no sense in also having UIC offices necessarily; they could be separated. If there were a clerical office and an office specializing in metal trades and other things, you might also have a general CMC office as

opposed to a metal trades office, or something like this. In other words, if employers want to use CMCs now, most CMCs cover all occupations with the exception of the commercial and professional.

The Chairman: In Toronto there is an industrial office and a commercial office. I think the two main offices are split into these two general areas.

Professor Meltz: Yes.

Senator Hicks: I did not realize that.

Professor Meltz: The industrial and trades office is the largest office in Canada. I have the figures here. There are 238 people with maybe 150 counsellors. There is a wide range. You may want to have some offices located near an area where the metal trades are employed, so that if an employer needs someone in the metal trades he knows which specific office to call. Although employers now call and ask for metal trades, it may be better to have an office dealing only with the metal trades. Then it would make sense to keep this separate, rather than having to establish a separate UIC office for metal trades workers. That is why I say there should be some placement capability in UIC offices, but I would not re-marry the two, as was done previously.

Senator Hicks: In fact, there is no tendency at the present time to reunite them in any way that I know of, is that not correct?

The Chairman: The minister did indicate that an attempt is being made to accommodate them in the same building.

Senator Hicks: Even though they may run under separate branches.

Mr. Toupin: Yes, this is so; he mentioned the fact that at the present time the policy is not to foster organizational integration, but they would work closer together in the same building as much as possible.

The Chairman: Wherever possible they would be together in the same building.

Senator Hicks: So that people would not have to make two bus stops, or whatever it may be.

Senator Carter: I would like to return to the labour mobility program for the comments of the witness with respect to its effectiveness in terms of placing people who have been trained. I would like to begin by asking him for any comments he might wish to make with respect to the training program, bearing in mind the problems arising out of the constitutional situation, in which the federal government must purchase training from the provinces and each province has its own system. Also to what extent are we perhaps training more people than is necessary for particular jobs in particular areas or provinces? To what extent might the mobility program spread possible surpluses throughout the country?

Professor Meltz: The mobility program is relatively small in terms of both numbers and dollars. I believe its budget is approximately \$8 million, but certainly less than \$10 million.

The Chairman: I believe it was approximately that.

Professor Meltz: It is a small program compared to the \$300 million to \$400 million being spent on training. My

understanding is that it really in a sense operates separately, although it is possible that someone following training could be moved. However, the concept is quite different and the mobility program is really separate from training.

Senator Carter: Yes, but it is supposed to fit in and complement the other.

Professor Meltz: It could complement, but the dilemma is the priorities between place, train or move. I am not sure whether the priorities were first to attempt to place; if we cannot place, move; if we cannot move, train; or place, train and move, in that order.

Senator Carter: Have you any comments with respect to the training program itself? Perhaps we should start with the forecasting. Are we forecasting very effectively labour needs into the future, or are we concentrating mainly on the needs of the moment? If we are concentrating on the needs of the moment, how effective is the training program in meeting the needs at the moment in various areas?

Professor Meltz: There has been work going on in the forecasting area for a number of years. There is a new program, COFOR, the Canadian occupational forecast, which is an attempt to introduce more sophisticated techniques into the forecasting. It is very dangerous to forecast, especially about the future. This is a problem area. This was the keystone in what Professor Dupré termed this whole grand design for manpower policy, that all that was necessary was to identify where demands would be through forecasting and occupational information. Then would follow training and bringing in immigrants, which would solve all the shortages. That did not work. Three or four months ago it was estimated that we would have real growth of just about 4 per cent. Now I believe that we are not to have any real growth. This means that unemployment will be higher and employment lower. So that even short-term forecasting—

The Chairman: There might even be a tradeoff.

Professor Meltz: There might even be a tradeoff. Even short-term forecasting has its problems. Now Manpower would start from that macro-forecast of growth and translate it into specific jobs. So, if we cannot forecast it at a macro level, we have even more problems in forecasting in terms of specific jobs. Therefore, resources have been and are being put in and, in my opinion, they should be. However, we cannot reach a definitive answer just from that, because even economic forecasting itself involves so many problems. I would put additional resources to work analyzing effectively the current situation. Often we find that we forecast into the future 10 or 15 years without really having a good knowledge of the present, which tends to stretch into the future. We then find that the same occupations in which we have shortages today suffered them 10 or 20 years ago. Until we really understand this, we are starting from a base that we do not really know in the first place. Therefore, in my opinion, forecasting is the problem.

Senator Carter: That was the point that I was attempting to make. You say it is the same now as it was 10 years ago. What can we do about that?

Professor Meltz: Waiters and waitresses, sewing machine operators and auto mechanics are our biggest groups in terms of job vacancies. In my opinion those three groups stand in the top five in terms of number of job vacancies, and have done for a long time. So one could

forecast that probably this will continue, because the fundamental problems underlying it deal with the nature of the employment situation, wages and productivity, et cetera. We know that now and that is why we often tend to look ahead without considering the current situation and comparing it with the past. So we know where the vacancies exist now.

There are also involved some professional occupations, although I would expect in view of the wage rates there will probably be fewer shortages in the nursing profession. So we can get some idea of where the shortages exist by looking at the current situation and extending it into the future. However, we do know where they are and many of them are low-wage occupations, or those with poor working conditions, such as seamen, loggers and so forth.

Senator Hicks: Or they are on a lower social scale, such as is the case with waiters and waitresses, which is quite wrong in this country.

Professor Meltz: Yes, and they often go together.

Senator Carter: Returning to mobility, we were discussing earlier bringing in workers to take jobs which, for one reason or another, Canadians will not fill. However, in addition to that we are told—perhaps Senator Everett can confirm this—that Alberta, for example, has approximately 30,000 vacancies.

Senator Croll: That is correct.

Senator Carter: And these are not menial jobs; they are good jobs. How is it that we are not filling these jobs?

Professor Meltz: Well, here we may not be communicating them to the other areas. I do not know whether in the job information centres there is a list of jobs going vacant in other areas. There is a mechanism for doing this, but I do not know how effective it is. For example, in the Hamilton centre, which is the most mechanized of the Canada Manpower Centres, the job listings were really local. I do not believe they had a posting of jobs available in Alberta, for example.

The Chairman: Mr. Toupin, what is the actual situation?

Mr. Toupin: When I was in Vancouver recently, Mr. Chairman,—and this is the case for most Canada Manpower Centres I have visited—there was a board showing local vacancies and another board showing out-of-town vacancies. Naturally, there were more local vacancies displayed. I could not tell you what the situation would be for Alberta or for any particular office in the country, but the instructions certainly are that all vacant jobs, both locally and out-of-town, are to be listed for viewing by the public.

Professor Meltz: It is my personal impression that it is easier to recruit through immigration than through mobility. It is easier to bring someone in from outside the country than it is to mount a campaign to bring someone from the other side of the country.

Senator Croll: The use of immigrants has certainly worked in the past.

Professor Meltz: It is easier and sometimes more effective, because an immigrant is less likely to return home, having travelled thousands of miles, than is a person from another part of Canada. People from other parts of the country quite often return home after they have finished a

particular job. For those reasons there might be more incentive to recruit through immigration than to recruit from another part of the country. Another aspect is that a number of studies have indicated that our programs tend to discourage mobility rather than encourage it. For example, unemployment insurance regulations state that the length of the benefits depends on the unemployment rate in the local area.

Senator Neiman: But the problem of mobility also applies to immigrants, does it not? Immigrants may start off by going to Alberta, but they may very well end up coming to Toronto within a year or two, because everyone wants to go to Toronto.

Senator Croll: I am not sure I can agree with that. Immediately after the war we brought in a tremendous number of immigrants on the basis that they would stay for a certain number of years in the areas they were brought into. There were few exceptions.

As to the suggestion that everyone comes to Toronto, it seems to me that the immigrants we bring into the north country or to the west, if they were to stay there for two or three years they could not be dragged back to Toronto. In my opinion, if we want to use immigrants, we should bring them in under the condition that they have to stay put in a given place for a given period of time.

Professor Meltz: I will only say that I am not sure we have done as much to encourage mobility as we might, because it is easier to encourage immigration. Perhaps we should do more to encourage mobility.

Senator Carter: Do you think the mobility program should be expanded, then?

Professor Meltz: Perhaps, inasmuch as it was one of the programs underspent in the past anyway. In terms of political reasons, the question may be how provinces view the active encouragement or recruiting of people outside of the province. It may be that trying mobility in with job opportunities and more publicity might work. I have not looked into this specific area, but this may be another alternative. It could be that the funding is sufficient but that information and other areas could be improved.

On the training side, the problem is basically one of legislation and the restrictions on the type of education which can take place. First, you are restricted to 52 weeks of formal education or skill training. Immediately, that limits the number of programs. Second, university education is specifically excluded. Third, the skill has to be one which can be learned in 52 weeks. There are not many skills that can be learned in that time.

If, therefore, the program is going to deal with work shortages, then it is a question of whether the legislation will permit the scope really needed. This would involve agreements with the provinces, but we are now excluded from many areas requiring more training. In the way the act was framed, it tended to suggest the areas you would end up with, and that is exactly what happened.

Senator Hicks: I gather that the job information centres have generally been regarded with approval as having improved Canada Manpower Centres. But it has been suggested that there might be a built-in disadvantage in that people selecting their own jobs from the job bank would undergo less screening or counselling than before. From my experience of Manpower Centres and job information centres, I would say the contrary is true: when a prospec-

tive employee drew a card relating to a particular job which interested him, he took that to a counsellor and was then subjected to screening. Incidentally, it seems to me that that screening ought to be just as vigorous as the prospective employee would encounter if he were to go directly to the employer without having expressed a preference for the job. How do you reconcile this, or have I misunderstood something?

Professor Meltz: Senator Hicks, I do not believe I expressed that particular view. It is not my view. In fact, I agree with what you have said; and, in terms of the quality of screening, I would say it has not been affected to any major degree.

The real problem with respect to job banks, at least as they found it in Sweden, was that the less well known or smaller firms were not getting the employees simply because they were less well known. People are not asking to be referred to those particular jobs. When I was in Sweden the unemployment rate was low and there was a shortage of workers and, as a result of what I have just referred to, the smaller or less well-known firms were complaining that there should be a screening of a different sort, one which would involve the employment services directing people to them. But the situation in Canada is different. We have a much higher rate of unemployment, so that the shortage of workers for particular jobs is not as much of a problem.

Senator Hicks: In the situation you alluded to in Sweden, surely if a person applied for a job which was available at Stora Kopparbergs, but found when he got there that the job had been filled, the screening officer would tell him that there was a similar job, if such was the case, at X, Y or Z, a less well-known company. Would that not occur?

Professor Meltz: Of course, where there is a shortage of workers it is less likely that the prospective employee would find that the job had been taken. What would happen here is that before he was referred, the Manpower counsellor would check to see, through a central bank, whether that job had been filled. If it had not been filled, the worker would be referred to the job and the counsellor would report that he had made a referral.

Senator Hicks: If there were several people referred to that job and only one got it, the others would be available, and presumably a good system would direct them to related jobs, even if not in such prestigious corporations.

Professor Meltz: That could well be done. The way the present system operates, as you know, employers' names and addresses are not identified on the ground that Canada Manpower Centres do not want employers bothered by an excess of workers.

Senator Hicks: He is not given the name until after he has been screened or counselled.

Professor Meltz: Exactly. The modification I would suggest is that for employers who are having difficulty recruiting, perhaps we should list the names and addresses.

As I mentioned in the paper, in Sweden they not only list the names, they put out booklets in a variety of trades which show the jobs, employers' names and phone numbers, and the rates; and they are allowed to call all over Sweden free of charge. That applies to a situation where jobs are in excess supply, where workers are in short supply.

Senator Neiman: Perhaps it would be a good idea to allow the employer to stipulate whether or not he wanted his name put on a card.

Professor Meltz: That would be an excellent idea.

Senator Hicks: It might result in some applicants going totally unscreened. He would have the option of saying, "That job is available with X corporation," and he would go and phone it without reporting to the Canada Manpower Centre.

The Chairman: I suspect, though, that the way JICs are operating, while they are screening, it is a very minimal type of screening. At least, that is what I observed. It might be better for the employer, in understanding how the system works, to have said to him, "We are putting your name on the card and the people who would come to you would be unscreened." What I am concerned about in the JIC business is that employers still believe that the people who come to them are screened, and they cannot understand how they can be so badly screened—when, in fact, they are hardly screened at all. As a result, employers say, "If that is the sort of people they are sending me, I will not deal with Canada Manpower." That is a basic problem.

Professor Meltz: I believe the problem existed before the job information centres were established.

The Chairman: I think it has exacerbated a situation that was already there.

Professor Meltz: In Sweden the employer had the option of the listing or of saying, "Will you do a special recruiting effort for me?" I presume there is nothing to prevent the same thing from working here. In fact, the job information centre does not apply to all jobs. There are jobs which are handled in the old way, in that when a suitable worker came in, he was screened through a detailed interview and was referred, et cetera. I do not think the one precludes the other. There would be nothing to prevent an employer from saying, "We are not getting the screening." This is one of the areas where Canada Manpower Centres could play a role in terms of general guidelines, of what criteria we are talking about in terms of qualifications. I would not see that as being ruled out. It could be handled.

Senator Hicks: My general observation on this would be that there may be inadequate screening, but that this should not be blamed upon the introduction of the job banks or the job information centre system.

Professor Meltz: Absolutely.

The Chairman: I would agree with your observation. The introduction of job banks is clearly an improvement. I suggest, though, that the job banks have strengthened the perception of employers—

Senator Hicks: Relating to lack of adequate screening.

The Chairman: That is a serious defect in the system, and one that somewhere along the line has to be improved if the confidence of employers in listing jobs means anything, which I suspect it does.

Professor Meltz: I did follow up in a brief way some of the items in the appendices I included—the articles which often appeared in newspapers on this. In appendix A there is an article concerning an employer who had problems recruiting. There is a comment on the quality of the person sent to him. After the article appeared saying there was a

job at \$300 a week, the employer was flooded with applicants. The assistant manager told me the job was listed at \$3.50 an hour. It requires a lot of hours to receive \$300 a week. Before the article appeared, Canada Manpower had sent them five or six people. I mentioned to him that I would be appearing before this committee. They offered them less than \$3.50. He told me it was \$3.25. He said that even at \$3.50 the job was less than the going rate, because the job involved a number of skills and therefore the going rate was more. You have a problem in listing a job at a certain rate. The only people who will apply are those who presumably could not compete for a better rate; and the employer says, "Look at who you are sending me." He sets low wages, the people he gets are poor, and he complains about it.

Senator Hicks: You get what you are willing to pay for.

Professor Meltz: That is right. There may be a screening problem, but there may be a communication problem and a function problem, in the sense of what are they specifying, what are the conditions which are available.

Senator Hicks: One of the secondary results of the job banks is that information concerning wages is more apt to be placed in the hands of counsellors as a result. Is that not correct?

Professor Meltz: Yes.

The Chairman: Senator, when you said that job banks provide Manpower counsellors with information, I did not understand that was so.

Professor Meltz: Where the job banks have information on print-outs. You have a print-out of jobs which shows 20 jobs and the wage rates. You simply show the employer this, and say, "Here is your job, and there are 19 other jobs, in the same occupation category, with similar conditions, and yet your wages are low."

Senator Hicks: Was the data readily available?

Professor Meltz: No. You would have to take the job order card and the handwritten slips, and show them to the employer. They would be regarded as confidential. The information is now in a form where it could be more useful.

The Chairman: I disagree with you. The Vucom system is a job order on one side and a job information card on the other. It is all part of the same system.

Senator Neiman: Did you say Vucom?

The Chairman: I think that is what they call it, where a card comes out.

Mr. Toupin: In Hamilton?

The Chairman: We have one in Winnipeg. It is a Vucom card, is it not?

Mr. Toupin: Yes.

Senator Neiman: I have not seen the Hamilton operation.

The Chairman: I gather that the Hamilton one is even more sophisticated in that they have a computer. I just did not understand the reference.

Professor Meltz: Mr. Chairman, I could show you an example. That is what I meant (*indicating*). I am not sure

whether part of the problem is perception and the ingrained views of the firm which criticizes the CMC. I spoke to one employer, who said, "I would never here anyone through the CMC." I said, "Have you, in fact, placed any order since this appendix article appeared in November?" He said yes he had. He said they were absolutely useless and he would never use them again, but, in fact, he had. You start by setting an impossible condition, because it is a free service provided by a public agency. You start perhaps with a bias against the thing, you set wages and other things accordingly, and it lives up to or is down in your expectations. But the fact is that he used it again.

Senator Neiman: In Etobicoke, which is a labour market, I was speaking to a woman in charge of the political office there. She said that when they first opened the office, when she went there, about half her day was spent on complaints from employers complaining about the service from CMC. As a result of the investigation and the follow-up that she did, she found that not less than 70 per cent of those complaints were unjustified,—the same situation that you say you found examples of—that they were giving one story to the press and when they complained, but the wages offered and the conditions offered were entirely different. This was found when the complaints were followed up. So here we do have a public relations problem.

Senator Hicks: There is always a tendency when you have two people contending, to blame the government. You always believe the private citizen as opposed to the public servant, which is a deplorable situation.

Professor Meltz: And when this charge is made, whether it is justified or not, the impression still hangs on, and it is reinforced if you ever have any related experience.

Senator Hicks: You never completely negate the first impact of a newspaper story by correcting it afterwards.

Professor Meltz: In appendices B1 and B2 I have cited examples.

Senator Hicks: At the bottom of page 15 of your paper you postulate and attempt to answer "Can the operations of CMCs be improved?" and at first you refer to data. The first suggestion is that they prepare data on the occupations they serve, including the volume of orders, referrals, placements, length of jobs, et cetera, and that is all a question of data. And then you go on and you make some other suggestions about the usefulness of more and smaller based offices, and we have covered that. You point out that there are few economies of scale available, in the large offices in any event. You make the suggestion that there might be some charge for professional and managerial services, and those are suggestions you make for improving Canada Manpower Centres. I think, on the face of those, we would have to say that your conclusion is that they are operating fairly well and that the big question is the data question, and I want to continue with that. Then in your final paragraph you say:

In other articles I have discussed the question of the dissemination of information about CMCs to the public. The Standing Committee may want to review the recommendations of the Task Force on Government Information . . .

From the discussion we have just had, it would appear that there is reason for explaining some aspects of the

work of the CMCs and the limitations on what they do to employers and to prospective users, if not to the general public. Finally, you go into the role that the CMCs can play in the provision of labour market information for use in our Manpower programs, and again you get down basically to data and the assimilation and dissemination of data. Then you say at the bottom of page 18:

A final point on information represents a personal plea. Each month the CMCs tabulate the number of vacancies and unemployed job seekers by detailed occupation for each CMC. For some unknown reason these data are and always have been designated confidential.

I would like to hear you comment, briefly once again, on the whole question of the compilation of and the making available of data on Canada Manpower Centres, and the relationship it can have both in making their work more effective and making the work of related government agencies more effective. The question of computerization can be dealt with as well. It seems to me that your biggest criticism of this area is the lack of availability of certain categories of data and even in some cases where it is available, the lack of dissemination.

Professor Meltz: It ties in with the critical question as to what CMCs are doing now. Then there is the question of what might be done in the future. There are the gaps that we have discussed. Then there is also the question of the data that is now available. One of the most critical needs that comes up in every federal-provincial conference so far as the labour market is concerned is the lack of small area statistics. We just do not know the unemployment rates by small areas. Some data that is available is labelled confidential with big red stamps put on it, and that has always been the case. I do not know why. These are circulated to other government agencies, provincial as well as federal. They are available to them for their internal use but not for external use, although even here the policy is not as rigid because I notice that the "Prairie Regional Manpower Review" quotes some of this data. So you have the strange situation that while the data is confidential, some of it is published and some of it is not. We have some global statistics, and this data I think could provide additional information on small areas as well as on regions, provinces and for Canada as a whole. It provides very detailed information and I do not know why it is labelled confidential. The only reason I can think of is the fear that there may be some uninformed people who will say, "Look, there are so many vacancies and so many unemployed, there obviously is something wrong with Canada Manpower services."

Senator Hicks: There is obviously something wrong with the people who do not want to work in the jobs available.

Professor Meltz: But we now have a job vacancy survey which publishes that so if there was a rationale before, and I am not sure that there was, there certainly is not now. So until this information is made available you are operating partly in the dark.

Furthermore, it is tied in with the larger question of knowing what the CMCs have done in order to provide a general view of how effective they have been. I would not know were it not for the data that I compiled myself. So the vacancy data and the unemployment data provide a start. You could have a situation where there were very few vacancies for packaging hands, for example, and yet

there were a tremendous number of job orders coming in and being filled within days. So there is a lot of action in these operations, and yet if you just judge by the vacancy and unemployment data you would say that there was not much going on in this area. So, I think more information is needed, first to find out what is being done and secondly as part of the larger assessment of the role of CMCs and of examining the question as to what is happening in the labour market. We have a great deal of information on the weather with records going back for many years, but you cannot get the same information on the unemployment picture.

Senator Hicks: There is not much point in trying to keep the weather confidential; it makes itself known. But is the situation in Manpower substantially different from the natural bureaucratic tendency not to divulge information unless there is some reason for doing so? In other words, is Manpower worse than other bureaucracies in this respect?

Professor Meltz: I would not want to comment on that. I believe it is being looked at.

The Chairman: I would want to say, in defence of Manpower and comparing it to other examinations that we have made, that while they may be withholding information—and I would not doubt that for a moment—they probably have been the best department in divulging information that we have had so far.

Professor Meltz: If I had to guess, I would agree with the chairman.

Senator Hicks: I was not really trying to be mean.

The Chairman: That is comparative, of course.

Senator Hicks: Finally, is the expense involved in getting and displaying the necessary data—the need for which you have referred to all through your paper—so great that this is in itself a hurdle which is difficult to overcome?

Professor Meltz: It may be a factor. I would not think it is a hurdle. You do not necessarily have to publish every piece of information, but certainly the information could be available for use. I would not see it at this point as a major hurdle, except in terms of the data that is now available. Some additional information could be prepared. More follow-ups would require more computerization. Certainly, some could be prepared without a great deal of cost; others would require more cost and more time.

Senator Hicks: You think that if this data were available in the several areas to which you refer in your paper, and perhaps in others that you have in mind, it would be of use?

I must admit that when I look at the amount of material that comes over my desk from all branches of government, I am overwhelmed by it. There is no way a member of Parliament can do more than skim through the titles of a great many of the documents that come over his or her desk. I have a little fear of asking for more data. Granted, this data is not going to be used by members of Parliament primarily, but by people who are more intimately concerned with the solution of this problem. You feel confident, in asking for this additional data, that it would be put to beneficial use?

Professor Meltz: If it is tied in with one of the other recommendations I made, which was for a general review, either annually or bi-annually, I think it would. By itself,

it would certainly be of some use. Certainly, the provinces would use it. They might do more with it if it were not confidential. Certainly, if it were tied in with a review of manpower programs that really looked at the effectiveness of the programs in terms of their original objectives, it would be of much more use.

For example, if you set up a training program to deal with shortages in a given occupation and ten years later there were still shortages in that occupation, you would want to know why, and in determining why this information would be useful. If tied in with that type of review, I should think it would get much more use and attention.

The Economic Council of Canada, in its analysis of this situation in its Eighth Annual Review, indicated that it was unable to get the data for Manpower; that there were problems.

Senator Carter: You mentioned earlier, Professor Meltz, when we were talking about the cost-benefit effectiveness of the placement service, three different methods of measuring the cost-benefit ratio. You said that none of those methods was eminently satisfactory; you found flaws in each one of them. I should like to get your views on the cost-benefit ratio with respect to the training programs. Are there similar faults in the methods used?

Professor Meltz: The Economic Council of Canada raised some questions about that stating that there was not a control group on it. The figure it quotes as to the cost-benefit ratio was three to one; that is, for every dollar invested, there was a benefit of \$3. However, it had serious reservations about the methodology. I do not believe that study, or any of the data, has been released since then. In fact, Treasury Board is conducting a study of it, and that study, too, is confidential. It may have been released by now, but I have not seen it, or any data on the results of the cost-benefit model.

I am really at a loss to answer your question. The results of that study may have been circulated internally, but I do not believe they have been made public. There has been data released on the areas in which people have been trained and data on the general area of expenditures, but not on the results of the model or the follow-up.

Senator Carter: You have no view on the methodology?

Professor Meltz: Only that I agree with the criticism by the Economic Council of Canada that there is no control group. There was no allowance for the fact that wages would have risen during the period involved. Even if the person had looked on his own, he would have received more because of the general increases in wages. People normally stay unemployed for two to three months, so it is quite probable that they would have obtained jobs in any event. I do have some reservations as to the methodology that was used, and I do not know whether that methodology has been changed to take those things into consideration.

Senator Neiman: In answer to an earlier question, Professor Meltz, you said that some training areas could be expanded and developed in other directions. Can you give the committee your views on the training system as it is operating at the present time? What is your feeling, for instance, as to the way the purchase program is set up? Is there room for improvement?

Professor Meltz: There are a number of aspects to it, senator. For example, there could be improvement in the

way training opportunities are allocated. We should publish the training courses that are available in the same way that all available jobs are posted in job information centres, and allow the people to choose the type of training they wish to undertake. The most logical place to post the training programs that are available would be in the job information centres.

I have some reservations as to the general system and its relationship with the provinces. The original concept was similar to that of a supermarket having training courses in cans, so to speak. You would simply pick the appropriate can off the shelf. In other words, if you wanted a welding course, you simply picked the appropriate can off the shelf. Where the system fell down conceptually was that you were not just purchasing a can; you were purchasing a whole shelf, or a whole warehouse of welding courses.

These were not courses that were going to be supplied in any event by the provinces. The federal government was providing the money to set up these courses, and without that money they would not have been set up. The original concept had a fundamental flaw, that being that the purchases were so large, so massive, so overwhelming, you simply could not come in and decide what was going to be offered. The provinces, and rightly so, took the position that since the federal government asked them to set up these courses, it could not then come in and decide which courses were going to be offered and in what quantity. The provinces wanted some protection, and probably rightly so, given the earlier relationship.

That aspect has to be looked into and, perhaps, phased out.

Senator Neiman: How do we go about making a change?

Professor Meltz: You arrive at some financial arrangement where you guarantee it, say, for such-and-such a period, but after that they are on their own.

Senator Neiman: Where do you go from there?

Professor Meltz: It is then a question of whether you want to provide more individual choice as to the courses one undertakes. You may want to decide where the shortages are going to be, because the way you have to purchase is to first identify where the shortages will be and then buy courses in those areas. I am not sure whether that has been effective. The alternative would be to agree on general areas and let the people themselves, whether they are employed or not, decide the type of training they wish to take. In other words, let the people come in and select a course from those that are available.

The Chairman: I might interject at this point that the commercial sections in Toronto seem to have taken your suggestion. I noticed when I was there that they were listing the courses that were available in the job information centres. Perhaps Mr. Toupin could comment on that.

Mr. Toupin: That is quite right, Mr. Chairman. All training opportunities must be posted in the job information centres in the same way that jobs are posted. This is in various stages of development across the country, but it is being done now in many CMCs. The main difference is that the screening is much more thorough in the case of someone selecting a training course than is the case in respect of a job applicant. It is the Manpower counsellor who must direct the person for training and give authorization for the expenditure.

Professor Meltz: I was not aware of that. The question then would be whether there is still the need for that much involvement. That is the fundamental question. Is it still primarily geared to solving shortages, which was the original objective, although that has been somewhat changed, or should it be brought into longer term areas where there may be needs, or where people may want to take training?

Senator Neiman: This is what I was wondering. I have seen those lists on the wall at Manpower that Mr. Toupin was talking about, concerning training courses, but I was wondering if the converse situation is covered. In other words, have we any compilation of data on the number of people who come into a CMC and say, "I want to be trained in this area"?

For instance, in my area, in Brampton, there is a great shortage of auto mechanics, and the comment there was that it was not CMCs' fault; it was the fault of the Ontario government. When I traced the complaint down to the people who had made it—the automobile dealers in the area—they said they did not feel it was the CMCs that were at fault, but that the fault lay at the provincial level in not providing the type of training that was badly needed in that area.

Professor Meltz: There are manpower committees that are supposed to deal with this. I really cannot answer whether there has been, in this particular case, a breakdown, or whether they are just not set up in such a way as to take account of these needs.

The Chairman: I think one of the problems in training automobile mechanics is that it takes a long time to train them. It is a highly technical subject, and the apprenticeship rules imposed by most provinces involve at least a three-year program, I think. In any event, it is a considerable length of time, and the business of getting young people even vaguely interested in going through that kind of training course is very difficult when they can train in other occupations that are almost or just as lucrative, in a much shorter span of time.

Professor Meltz: Since that would take more than 52 weeks, really, that could not come under the program. That is one problem.

Senator Neiman: Yes, That is one aspect I had overlooked.

Professor Meltz: If it does take that long, then that would be excluded from the total program. If it were just one year, it could be covered.

The Chairman: I do not know how that works.

Senator Neiman: Perhaps part of it is an apprenticeship, and perhaps it is considered as not being part of the 52 weeks.

Professor Meltz: Is it designated? There was a commission, or task force, in Ontario—the Dymond task force—that looked at the whole question of industrial training, and it recommended the abolition of most of these apprenticeship courses. I did not think training of automobile workers was an apprenticeship program. Automobile mechanics is an apprenticeship program, but I do not know about automobile workers.

The Chairman: I was talking about auto mechanics.

Professor Meltz: That is a perennial shortage occupation, and there is a big flow-through. If you look at the wages, the working conditions, and so on, compared to what people can get for taking similar training elsewhere, it does not pay.

Senator Hicks: It does not pay to take the long training period.

Professor Meltz: That is right. Especially in shops where you are going to be pumping gas part of the time, working nights, and working in one-man shops or two-man shops. This particular shortage may be partly solved through the self-service gas stations that will reduce the need for auto mechanics to pump gas as well, so that they may be concentrated in more efficient operations. In this way the market may take care of this particular aspect.

The Chairman: I think that is a very perceptive remark. Are there any other questions?

I have just one point. I thought you made a very perceptive remark on page 4. This reads as follows:

There is nothing in these objectives which requires the employment service as such to do all of the placing of people seeking jobs or in fact to place a majority of the people. The criteria is in terms of increasing the effectiveness with which the labour market operates.

I think that is probably a good principle for this committee to operate on in its investigation, namely, that where the blame lies is perhaps not terribly important, whether it lies

with the CMCs or the public generally, or the employee or the employers. That is of minor importance.

Senator Hicks: A lot of people will say to us, though, that surely we have to be concerned with people, and not the state of the labour market. They will say that we should be concerned with helping individuals find jobs.

The Chairman: I think that is correct, senator. The point is that we are concerned, I think, in this committee with making this system operate better.

Professor Meltz: That is how I would define attractiveness: people getting jobs faster, getting better wages, employers getting better people.

The Chairman: Before we conclude I have some documents that have been sent to us by Mr. Manion, Senior Assistant Deputy Minister, Department of Manpower and Immigration, for tabling. Is it agreed that we table them?

Hon. Senators: Agreed.

The Chairman: Professor Meltz, I guess a number of people have said in the past that you should never listen to professors, because they never have to meet the payroll. I do not think that is a belief that exists on this committee, but if it were, you have largely helped to rebut it. Thank you very much.

Professor Meltz: Thank you, Mr. Chairman.

The committee adjourned.

APPENDIX "A"

The Role of Canada Manpower Centre in Matching Job Seekers and Job Vacancies

Testimony Prepared for the Standing Senate Committee on National Finance
Ottawa, April 17, 1975.

by

Professor Noah M. Meltz, University of Toronto

Introduction

I have been asked to appear before the Standing Senate Committee on National Finance to discuss the role of Canada Manpower Centres in bringing together job seekers and job vacancies. The presentation will consist of a discussion of six questions:

- 1) What is the general justification for a public employment service?
- 2) What are the specific economic objectives of a public employment service?
- 3) How do you measure the success of a public employment service?
- 4) How successful are Canada Manpower Centres?
- 5) Can the operations of Canada Manpower Centres be improved?
- 6) What role can Canada Manpower Centres play in the provision of labour market information for use in other Manpower programmes?

I. *What is the general justification for a public employment service?*

In its early history, public employment offices were primarily a response to the abuses of private employment agencies.¹ Early offices, which began in cities and then extended to the provincial and national level, represented attempts to eliminate unscrupulous practices of private agencies and also to provide some order to the labour market during times of economic depression. Economic arguments were also advanced to support the benefits of a national employment service. These arguments included the benefits which would flow from "...systematic co-operation in respect to unfilled demands with other municipal offices whether in the same or other States"²

The formation of the National Employment Service in 1940 appeared to provide a positive economic role for the service. In practice however, as the Economic Council of Canada observed in its First Annual Review, the National Employment Service ended up playing a subsidiary role to that of the Unemployment Insurance Commission:

"The idea that a person who becomes unemployed 'has to go' to the NES to register for work as a qualification for claiming insurance benefits seems to have become a dominating negative factor in influencing public attitudes towards the NES. It is perhaps not too surprising, then, that so many have come to view it as an 'unemployment' rather than an 'employment' service."³

The Economic Council recommended that the NES be separated from the UIC and upgraded in terms of its stature and become the key element in the formulation and implementation of a comprehensive manpower policy for Canada. At that time (mid 1960s) policy makers believed the main economic problem Canada would face in the immediate future was to maintain rapid economic growth

without inflation. The Economic Council emphasised the need to increase labour mobility in order to prevent inflation and maintain growth:

"In our judgement, it is these factors of *increased efficiency and better matching of supply and demand* in the use of our productive resources that should be the areas of the most immediate concern at this time for both private and public policies, if our employment and growth goals are not to be endangered by spreading inflationary pressure patches in the economy."⁴

This in turn required what was referred to in Europe as an active manpower policy. In practice, this meant not only the improvement in the effectiveness of matching job vacancies and job seekers, but also training programs, geographic mobility and an immigration program all designed to meet the likely manpower needs in the future.⁵

2. *What are the specific economic objectives of a public employment service?*

Article 1 of the International Labour Organization Convention passed in 1948 and ratified by Canada in 1950 states:

The essential duty of the employment service shall be to ensure, in co-operation where necessary with other public and private bodies concerned, the best possible organization of the employment market as an integral part of the national programme for the achievement and maintenance of full employment and the development and use of productive resources.⁶

While this statement indicates a general direction of policy for employment services it does not provide any specific guidelines of what employment services are expected to do and against which their success can be measured. I propose three more specific objectives for a public employment service acting in its role as a labour market intermediary.

The first objective is to bring together job seekers and job vacancies to effect a match resulting in the employment of a job seeker and the filling of the job vacancy. The second objective is to reduce the time and cost which each party to the search process would otherwise incur. The third objective is to improve the quality of the match between a job vacancy and a job seeker over that which would otherwise have taken place. An improvement in the quality or effectiveness of the match would involve a longer tenure of the match and could also mean higher wages and/or better working conditions for the job seeker than if he or she looked on their own and a more productive worker at the going wage rate for an employer than if he looked on his own. These formulations recognize that there are both benefits and costs associated with the job and worker-search process as has been discussed by a number of economists.⁷ The provision of labour market information is an important aspect of the way in which the employment service attempts to achieve these objectives.

It should be noted that these economic objectives deal with the way in which the labour market functions. There is nothing in these objectives which requires the employment service as such to do all of the placing of people seeking jobs or in fact to place a majority of the people. The criteria is in terms of increasing the effectiveness with which the labour market operates. In addition to the economic objectives the public employment service would also have social objectives such as protecting job seekers from discrimination.

3. How do you measure the success of public employment service?

As set out in the previous section we would want to measure the employment service's ability to improve the effectiveness of the matching process between vacancies and job seekers. Effectiveness would be measured by the time it takes to bring about a match and the quality of the match, that is, the length of time the match lasts and the economic and non-economic benefits which accrue to each party. Such an approach could imply a detailed examination of a sample of referrals and placements. A more aggregate approach could also be used to assess the overall speed and effectiveness of matches in Canada as a whole or for some appropriate occupation or geographic area.

Unfortunately the measures which are usually used do not directly involve these aspects of market operations. The most widely used measure is called "labour market penetration." This measure was regularly calculated in Canada up to 1966⁸. The number of placements which were made by the employment service were divided by the total number of hirings. The rate was calculated for the economy as a whole and for major industry groups. This measure indicated the proportion of new hirings which were effected by the employment service. In a sense this rate carried the implication that a higher percentage of total hirings was better than a lower percentage. In a statement prepared by the Minister of Manpower and Immigration for this Standing Committee the penetration rate of Canada Manpower Centres was estimated at 25 to 35 percent.⁹ If one were to judge this in terms of baseball batting averages then a figure of .250 to .350 is a good "batting average." If one judges this by academic scores where one normally expects a passing grade of 50 or 60 percent then this figure looks inadequate. In point of fact there is no rationale for any one percentage being better than the other in the abstract. The important question is what costs were involved in achieving a particular figure and what benefits in terms of labour market operation flow from it. In addition, one could ask what the composition is, of the 25-35 percent, in terms of occupations, industries, locations etc. The Department can still provide industry data but as discussed below the Department does not know in which occupations it places people and to what extent it is turning over the same job seekers and job vacancies.

An alternative measure is the "success rate" calculated by comparing the number of placements with the total number of persons who sought work through this intermediary. The statistics which were compiled in the Economic Council's study of the job market in Canada calculated a success rate of 11 percent for Canada Manpower Centres.¹⁰ This was a less effective means of finding a job than such alternative methods as checking with employers in the area (27 percent), through friends and relatives (24 percent) or through unions (17 percent).¹¹ Although this

measure has more validity than the previous one, it still presents some difficulties. The first difficulty is the composition of the groups which deal with the different intermediaries. Variation in the success rates could simply reflect the mix of occupations associated with the different intermediaries and variations in the demand and supply situation among occupations. If mostly unskilled workers use CMC's while professionals tend to check with employers and not use CMC's we would expect differences in the success rates. The only way to adequately assess the success rate of CMC's would be to try to hold all other factors constant except the type of intermediary and observe the result. This might be done through a control group of persons with similar characteristics who used other intermediaries.¹² More detailed analysis is required to probe the significance of these success rates.¹³

Another approach to measuring the success of Canada Manpower Centres would be to examine the effectiveness of labour markets in which CMC's are heavily involved.¹⁴ Assessing effectiveness would require examining the factors which were set out earlier, that is, the length of time it takes to find a job or a worker; the likely duration of tenure following the obtaining of job; turnover in the particular occupation; and the average earnings in the occupation and the dispersion of earnings. Presumably the more effectively the market is functioning the lower the amount of dispersion of earnings. One would also want to obtain control groups such that occupations with a high CMC involvement could be compared with occupations with a low CMC involvement where the labour markets were as similar as possible in all other respects. A final measure of effectiveness which could be examined is the vacancy-unemployment relationship.¹⁵ All other things being equal a labour market which has a higher vacancy rate in relation to a given rate of unemployment can be said to be operating less effectively than a labour market with a lower vacancy rate. This measure has recently become a more important tool of analysis but it is also subject to shortcomings. For example a change in the vacancy-unemployment relationship could be the result of factors outside the operation of the labour market. The change in the provisions of Unemployment Insurance benefits has been cited as an outside factor which could have contributed to the recent worsening of the vacancy-unemployment relationship in Canada.

While the approach of assessing the economic contribution of CMC's would provide the most valid basis of assessment it is not possible to carry out such an examination except on an *ad hoc* basis. The problem lies in an absence of the types of data which are necessary. First and most important, the CMC's do not have any information on the occupational dimension of the orders they receive and the referrals and placements which are made. These data are still prepared on an industry basis even though the Hirings and Separations survey with which these data were combined ceased to exist almost 10 years ago.¹⁶ My only hope is that when CMC records are finally computerized such information will be prepared on a regular basis.

The Department does compile monthly, by occupation, the number of unfilled vacancies and registrants without employment on its form MAN 757. Such data are a useful supplement to the data obtained through the Job Vacancy Survey and the Labour Force Survey especially since they provide small area details. However, the stock data do not provide a reliable indication of the extent of activity in particular occupations.¹⁷

A second problem is the absence of data on duration of unemployment, or the length of job tenure after placement. The latter could only be obtained through micro studies. The former is being obtained in the Labour Force Survey but is only available for large aggregates. This information on duration of unemployment would have to be obtained for detailed occupations. The possible sources are CMC or UIC records with major occupation group data being obtained from the Labour Force Survey.

Turnover data is another gap in information. In order to properly assess the functioning of labour markets we need data on hirings and separations both by occupation and by industry as well as by cause. Data needs in this area are undoubtedly being considered by the Economic Council's Labour Market Project.

A final data problem concerns wage information. Although the Canada Department of Labour's Annual Wage Rate Survey does cover a wide variety of occupations its lack of completeness and the difficulty in relating it to the sources of employment information (such as the new Occupational Employment Survey) present further problems.

As matters stand the only data we could use once we have identified occupations in which CMC's were heavily involved would be vacancy and unemployment data.¹⁸ We now turn to the discussion of the actual success of CMC's.

4. How successful are Canada Manpower Centres?

We will initially examine the success of Canada Manpower Centres using the approaches set out above and then we will consider additional aspects. To begin with we do have a rough idea of the gross extent to which CMC's are involved in total hirings. The Minister of Manpower and Immigration has estimated this figure at between 25 and 35 percent.¹⁹ The Minister further indicates that by comparison with other countries, Canada's public employment

service has the highest percent of placements.²⁰ This would seem to suggest that the CMC's are fairly successful. Before making any comment let us examine some other measures.

In its *Eighth Annual Review* the Economic Council examined the search process conducted by workers who had experienced a total of five or more weeks of unemployment during 1968.²¹ More people contacted CMC's than any other form of search (see Table 8-2 from the study) but a smaller percentage actually found jobs through CMC's than by checking with employers or friends (see Table 8-5) while the success ratio of CMC's was even lower ranking fifth out of nine alternative search methods (see Table 8-4). On the other hand, the success ratio for CMC's is larger than for private employment agencies. Employers used Canada Manpower Centres second but half of the extent to which they used advertising.²² If we judge CMC's in comparison to other formal intermediaries such as private employment agencies and unions the scanty evidence so far available suggests that the CMC's have a respectable record in the labour market. Given the importance of qualitative information on jobs as well as quantitative information one would expect informal search channels to be more important than formal channels.²³

The third approach to measuring success involves an examination of the economic characteristics of particular labour markets and the role CMC's play in them. Unfortunately, as noted above, we have little actual information on how markets operate or the role of CMC's in them. We know that Canada's unemployment rate tends to be higher than in other industrialized countries²⁴ and that recently it appears that the vacancy rate has increased in relation to unemployment rates. We do not know how much of this is the result of problems in the bringing together job seekers and job vacancies and how much is caused by other factors. This can only be done systematically when we have additional data.

TABLE 8-2—WORKERS USING SPECIFIED JOB SEARCH METHODS, 1968

Search Method	Percentage ¹
Contact Canada Manpower Centre.....	76
Contact private employment agencies.....	20
Check with employers in area.....	67
Check with employers outside area.....	29
Place, or answer, advertisements in local papers.....	29
Place, or answer, advertisements in papers outside locality.....	9
Write letter of application.....	26
Check with friends or relatives.....	57
Check with trade unions.....	12
No action (did not look).....	3

¹Since persons in the survey group used 3.25 techniques each, on the average, the unrounded sum of the percentages in this column is not 100 but 325.

NOTE: Information on the use of Quebec Manpower Centres was not available from this survey.

SOURCE: Based on data from Dominion Bureau of Statistics.

TABLE 8-4—AVERAGE SUCCESS RATIO, BY SPECIFIC JOB SEARCH METHOD, 1968

Method of Search	Success Ratio
Contact Canada Manpower Centre.....	11
Contact private employment agencies.....	7
Check with employers in area.....	27
Check with employers outside area.....	8
Place, or answer, advertisements in local papers.....	15
Place, or answer, advertisements in papers outside locality.....	3
Write letters of application.....	6
Check with friends or relatives.....	24
Check with trade unions.....	17

SOURCE: Based on data from Dominion Bureau of Statistics.

TABLE 8-5—PERCENTAGE DISTRIBUTION OF JOB MATCHES, BY JOB SEARCH METHOD, 1968

Method of Search	Percentage
Contact Canada Manpower Centre.....	16
Contact private employment agencies.....	3
Check with employers in area.....	34
Check with employers outside area.....	5
Place, or answer, advertisements in local papers.....	9
Place, or answer, advertisements in papers outside locality.....	—
Write letter of application.....	3
Check with friends or relatives.....	26
Check with trade unions.....	4
	100

SOURCE: Based on data from Dominion Bureau of Statistics.

SOURCE: Economic Council of Canada, *Eighth Annual Review*, op cit pp. 177, 179 and 180.

When we consider less formal measures of CMC success we come away with a somewhat mixed view. The newly introduced job bank concept which has led to the establishment of Job Information Centres in CMC's has undoubtedly been a success,²⁵ at least if one uses the criteria of whether people like them.²⁶ No results have been published concerning the achievements of the Canadian job banks but some tests conducted in the United States by Ullman and Huber concluded that the job banks did not achieve their objectives.²⁷ I have reached a somewhat different conclusion from that of Ullman and Huber.²⁸ It is quite evident that in both Canada and the United States job banks lead to an increase in the number of people searching through the employment service and in the number of referrals. If it is true that the placement rate has not increased this may not tell the whole story since people using job banks may be more satisfied with the jobs they obtain and may end up staying longer in a particular job.

Job banks provide other benefits. Dr. Duncan Campbell, an Assistant Deputy Minister of the Department of Manpower and Immigration has informed me that job banks have provided manpower counsellors with systematic wage rate information. This information has been useful in cases where firms have been unable to recruit labour because of low wage rates.²⁹ This fact can be now pointed out to firms.

On the negative side is piecemeal evidence suggesting that CMC's have not shed the former National Employment Service image of being an "unemployment office." The evidence is admittedly casual based on discussions with students and some employers as well as articles in the newspapers. Occasionally one reads in the newspaper that such and such a firm is offering a high wage but hasn't been able to recruit anyone and plans to look for workers overseas. A day or two later the same newspaper will carry a piece saying that in response to the article in the paper the firm was flooded with job seekers. (For an example see Appendix A) Often the follow-up article also explains that the wage rate wasn't as high as had been reported previously since it was after 10 years of service and included the premium for working the night shift. In any event such developments suggest there may be some problems in bringing job seekers and vacancies together. It is also possible that the responses to these articles were by people who weren't really actively seeking to change their jobs but were tempted by the apparently high wages. If that is the case, we are dealing with a different situation.

Often the remark is heard to the effect that "Yes I went to a Canada Manpower Centre but they didn't have any jobs. They said they would call me but they never did and I found a job on my own." On the part of employers the comments are often as follows: "I was really short of people so I called the local CMC but all they could send me was an alcoholic who didn't even have the skills I was looking for." How representative are these views? I don't know. To me they suggest a lack of reality on the part of both the job seeker and the employer in that they expected

that they would simply contact the CMC and all their problems would be over. The employer had obviously turned to the CMC because he hadn't been able to recruit workers through his normal channels. The labour market was tight, that is workers were scarce, and so as a final resort he turned to a CMC. We don't know what wages or working conditions he was offering but he should have expected some difficulty in recruiting through a CMC just as he was experiencing elsewhere. I have been told that some employers may list a job with a CMC at a lower wage rate than they list with private employment agencies. The quality of the workers who are referred may therefore be consistent with the pay being offered and yet the CMC's are criticized.

A related point is the existence of misinformation about employment opportunities and problems of recruitment. Appendix B1 and B12 contains two articles from the Hamilton Spectator concerning the employment situation in the Steel Company of Canada. The president of the firm claimed there were 300 vacancies which couldn't be filled while the company's personnel office said it wasn't doing any hiring.

In the case of the student he was referring to a summer job interview. The establishment of temporary summer employment offices for students may at least provide a more positive view of the CMC's as well as a more effective role. Even here the expectations may be unrealistic. In Sweden where there is more spending on labour market policy than in dry country in the world they still do not provide a lengthy interview and follow-up for each job seeker. When I visited Sweden in 1970 they were printing booklets containing lists of temporary jobs and they provided free phones for the use of job seekers to call employers anywhere in Sweden.³⁰

It may be that there is an information lag and that over time greater use of the job banks will improve the public's attitude toward CMC's. Job banks may also lead to a greater awareness of Canada Manpower Centres. In a survey by Recon Research Consults, in 1969 for the Task Force on Government Information it was found that workers in large cities knew less about CMC's than workers in smaller cities.³¹ It may also be that there is a lack of understanding on the part of job seekers and employers as to how labour markets operate and what CMC's can and can not do. It has been my belief for a long time that CMC's have not had, or at least not been able to convey, a clear sense of how labour markets operate and what role they could play in the market. An advertising campaign of a few years ago suggested that CMC's could do everything for everybody. Perhaps a more realistic approach would be to recognize the difficulties in acting as an intermediary and concentrate on the ultimate objective of enabling more people to get jobs (and hopefully better jobs) faster and to identify problem areas in the bringing together of vacancies and job seekers.

A final point, deriving from less formal considerations, concerns the large volume of CMC placements. While conducting my study of the labour market information system

in 1967, I was struck by a comment from a discouraged young manpower counsellor. She was a recent university graduate who had been hired as part of a program to upgrade the quality of manpower counsellors. She told me that she was completely fed up with her job. Each morning she would come in to the office and would be greeted by a number of job seekers and job vacancies waiting to be matched. She would make a number of referrals and many of the people would be placed. The next morning when she came back to the office she would again be greeted by a number of the same job seekers and job vacancies waiting to be matched. The sense of frustration came from seeing the same job seekers and the same job vacancies as she had matched the day before. She told me that she was doing nothing but turning over the same people and jobs. She subsequently left the CMC.

It may be that this girl's experience was atypical because she was in the service occupation section dealing primarily with waiters and waitresses and laundry help. It is likely that the job banks will at least help the situation in these labour markets since the workers will do more of the searching on their own. In the absence of data on the occupations in which orders are received, or the number of individuals and jobs which keep reappearing we do not know what the large volume of placements really represents.

5. Can the Operations of CMC's be Improved?

Some of the suggestions for improvements in CMC operations follow from the preceding discussion and others are drawn from earlier research. The first suggestion is that CMC's prepare data on the occupations they serve, including the volume of orders, referrals, placements, length of time jobs remain vacant and workers unplaced, the number of repeat orders and job seekers, and the wage rates of the vacancies.³² This data can only be prepared if CMC's records are computerized. In the absence of these data the CMC's and outside observers can only have an imperfect understanding of the role of CMC's.

Second the objectives of CMC's in relation to the functioning of labour markets might be clarified within the Department and to the public at large. What precise objectives does the Department set for CMC's? Can measures be developed to test whether these objectives are being achieved? In section two of this report we have suggested some criteria but the Department may want to emphasize alternatives. If so these alternatives should be specified.

If analysis conducted by the Department reveals that certain labour markets are not functioning effectively then the question arises how the CMC's should be organized to meet these needs. One suggestion which might be considered is the establishment of small offices specializing in a few occupations and located near the firms which hire these kinds of labour. Fric tells us that this is the pattern followed by private agencies.³³ It may be that the time has come to consider whether the present system of a few huge employment offices is the most efficient organization of the service. Fric found that private agencies average between 3 and 4 persons per office. The average of CMC in Toronto, for example, must have at least 50 people. Fric also found that there were few economies of scale in larger offices and there may be diseconomies. Unfortunately the decision to have a few large CMC's may be based on non-economic considerations.

It has been a principle of public employment services that workers should not be charged for placement informa-

tion. Private employment agencies have been subject to this restructuring as well except in the case of babysitting. The private agencies are allowed to charge employers a fee. Consideration might be given to CMC's charging employers for special services in job search or assessing employment prospects which are over and above what the CMC's can now provide. This would provide the CMC's with the possibility of offering more specialized services particularly for professional and managerial occupations without unduly drawing resources from other areas of the CMC's. This suggestion would have to be considered in the larger context of the precise objectives which were established for the CMC.

In other articles I have discussed the question of the dissemination of information about CMC's to the public. The Standing Committee may want to review the recommendations of the Task Force on Government Information³⁵ and my report on Sweden's employment service.³⁶

6. What Role can CMC's Play in the Provision of Labour Market Information for Use in Other Manpower Programmes?

The Economic Council was correct in envisioning an important role for CMC's in the development of manpower policy. The CMC's have the most comprehensive involvement of any government agency with the day-by-day operations of the labour market. The information which can be gained from these operations should provide an invaluable sounding board and source of information for current labour market problems as well as potential problems.

The first step in playing such a role would be to fill in the gaps in information both from CMC's and for the labour market as a whole which were outlined in section 3 of this presentation. Data on CMC operations as well as labour market turnover are essential to a proper understanding of how particular labour markets function.

The second step is to tap this information. In other reports and articles I have advocated the preparation of an annual or perhaps bi-annual review of labour market developments. I have in mind something a little different from the United States *Manpower Report of the President*. My suggestion is for a review which would assess the effectiveness of particular labour market programs such as training, immigration etc. in the light of stated objectives. For example, if a training program were instituted to deal with a current shortage in an occupation then the question should be asked how successful it was? Were there other alternatives? Such an approach would involve considerations beyond the Department of Manpower and Immigration. If the Department of Regional Economic Expansion has a primary objective the reduction in unemployment rate differentials then how successful has it been? In other words this review would involve taking periodic stock of programs directed at the operation of the labour market. The operations of CMC's are one facet of government involvement in the labour market.

A final point on information represents a personal plea. Each month the CMC's tabulate the number of vacancies and unemployed job seekers by detailed occupation for each CMC. For some unknown reason these data are and always have been designated confidential. In view of the availability of Job Vacancy Survey data and in the interests of providing a greater understanding of the operation of labour markets this information should be available to the public.

Conclusions:

On the basis of available data and the usual criteria CMC's could be regarded as performing respectably well. The job bank system seems to be a particular success. There are a number of unanswered questions particularly concerning what occupations CMC's really serve and how much of their work involved turning over the same people and jobs again and again. These questions can only be answered when additional information is available and more analysis is conducted.

The final observation concerns the need to clarify precisely what the objectives of the Canada Manpower Centres are in relation to the functioning of the labour market. In this presentation I have suggested that increasing the number of placements is not a valid objective in and of itself. The objectives should focus more specifically on increasing the effectiveness of labour markets.

Footnotes

1. See: William Haber and Daniel H. Kruger, *The Role of the United States Employment Service in a Changing Economy*, Kalamazoo, Michigan, The W.E. Upjohn Institute for Employment Research, 1964, pp. 22-23.
See also: Lawrence Fric, *The Role of Private Employment Agencies in the Canadian Labour Market*, Unpublished Ph.D. thesis prepared for the University of Toronto.
2. Hober and Kruger, *ibid.* p. 22
3. Economic Council of Canada, *First Annual Review, Economic Goals for Canada to 1970*, Ottawa: Queen's Printer, 1964, pp. 173-74.
4. Economic Council of Canada, *Second Annual Review*, Ottawa, Queen's Printer, 1965, p. 178, italics in the original.
5. *First Annual Review*, *op.cit.* p. 170
In the European model demand management on a selective basis was also included under manpower policy. In Canada there has tended to be some separation of the two.
6. *First Annual Review*, *op.cit.* p. 175
7. For two examples see:
George J. Stigler, "Information in the Labor Market" *The Journal of Political Economy*, Vol. 60, no. 5, part 2, October 1962 (supplement)
and Charles C. Holt, "How Can the Phillips Curve be Moved to Reduce Both Inflation and Unemployment?" in B.S. Phelps; ed. *Microeconomic Foundations of Employment and Inflation Theory*, New York, W.W. Norton; 1970, pp. 224-256.
8. The job placements data was prepared monthly on an industry basis from NES form 751. The hirings data, also tabulated monthly on an industry basis, were obtained through the semi-annual Survey of Hirings and Separations. See: *Hiring and Separation Rates in Certain Industries*, Dominion Bureau of Statistics, catalogue no. 72-006 semi-annual. This Survey was dropped in 1966 when the Job Vacancy Survey was being developed. The 751 data continue to be prepared to this day.
9. Statement by the Honourable Robert Andras, Minister of Manpower and Immigration to the Standing Senate Committee on National Finance, February 13, 1975, p. 13.
10. Economic Council of Canada, *Eighth Annual Review, Design for Decision-Making*. An application to Human Resources Policies; Ottawa: Information Canada, 1971, p. 179.
11. *ibid*
12. In his study for the Economic Council of Canada Denis Maki examines the search process in more detail. See: *Search Behaviour in Canadian Job Markets*, Special Study No. 15, Ottawa: Information Canada 1972.
13. It is also argued that public employment services aid in the matching process by providing information on the job situation which leads to an eventual match but perhaps not a match in the job to which the worker was referred to in the first instance. If this were the case, it would tend to understate the contribution of public employment service to the labour market. It is difficult to identify the extent of this particular contribution unless one conducts a series of tests with differently-treated groups of job seekers.
14. See my earlier *Study of Three Occupations in the Toronto Industrial and Trades Canada Manpower Centre*, Ottawa, Department of Manpower and Immigration, 1970, for a proposed technique for assessing the effectiveness of labour market operation.
A further consideration of this problem is contained in my more recent paper "Identifying Sources of Imbalance in Individual Labour Markets for Purposes of Manpower and Employment Policy," Working Paper 7401, University of Toronto, Institute for the Quantitative Analysis of Social and Economic Policy, February 1974.
15. For a discussion of the theoretical implications of the vacancy-unemployment relationship see: Albert Rees, *The Economics of Work and Pay*, New York: Harper and Row, 1973, p. 115.
16. Since 1968, I have been urging the Department to prepare such data. My proposal was to switch from an industry to an occupation base to minimize costs until the CMC records are computerized.
See: *Study of Labour Market Information Systems, Final Report*, prepared for the Department of Manpower and Immigration, Ottawa, 1968 p. 136.
17. See my paper "identifying Imbalances . . ." *op.cit.* p. 29.
18. I have recently completed a study for the Economic Council of Canada of the vacancy-unemployment relationships for different occupations.
19. See Andras, *op. cit.*
20. *ibid* p. 13, The minister's estimate is based on placements divided by the number of persons in the labour force.
21. See above and also the background study by Dennis R. Maki, *op. cit.*
22. *Eighth Annual Review*, p. 182.
23. Albert Rees uses the term "intensive" to characterize qualitative information on jobs and the term "extensive" to characterize quantitative information. See: "Information Networks in Labor Markets", *American Economic Review*, vol. 56, no. 2, May 1966.

24. *Monthly Labor Review*. September 1970, pp. 12-23, "Unemployment in the United States and seven foreign countries".
25. For a discussion of the operation of job banks see my article: "The Use of Information Technology in Labour Markets". *Proceedings of the Second Jerusalem Conference on Information Technology*, Jerusalem, 1974, pp. 155-164.
26. See: Robert Nielsen, "Manpower can find you a job—or mire you in bureaucracy" *The Toronto Stars*, February 7, 1974, p. B.3.
27. See: Joseph C. Ullman and George P. Huber, "Are Job Banks improving the Labor Market Information System?" *Industrial and Labour Relations Review*, vol. 27, no. 2, January 1974.
28. "The Use of Information Technology . . ." *op. cit.*
29. Letter to the author dated September 26, 1974.
30. *Observations of Sweden's Employment Service*, Report Number 2, University of Toronto, Institute for the Quantitative Analysis of Social and Economic Policy, November 1970.
31. *To Know and Be Known* The Report of the Task Force on Government Information vol. II, Ottawa: Queen's Printer, 1969, p. 217 (See pp. 205-219 for the discussion of the dissemination of information by the Department of Manpower and Immigration).
32. For an elaboration on these points see the earlier-mentioned studies: "Identifying Sources of Imbalance . . ." and *A Study of Three Occupations*.
33. Fric, *op. cit.*
34. See: *To Know and Be Known*, vol. II, *op. cit.* pp. 205-219.
35. *Observations*, *op. cit.*

TORONTO STAR, NOV. 22, 1974

300 APPLY FOR 5 JOBS AT SCARBOROUGH PLANT

Gordon Baird has a new problem.

Wednesday he couldn't find workers to fill five jobs at up to \$300 a week in his small Scarborough manufacturing plant.

Today he has more than 300 people who want those five jobs.

When Baird, a 22-year-old businessman who runs a furniture manufacturing plant with partner Harold Forder, 47, arrived at the office early yesterday morning a dozen people were lined up wanting to go to work.

During the day more than 300 people either came around to the Midland Ave. plant or phoned, following a story in

The Star about the trouble Gordon A. Baird Manufacturing Ltd. was having filling jobs.

Canada Manpower sends people to the plant but Forder said he can't depend on them as employees.

"Some stay for a couple of hours, others will remain a whole week and many of them never show up at all," he said.

Ron Shabot, assistant manager of the Scarborough Manpower office on Midland Ave. agrees with Forder and Baird.

"We are getting the same complaints from across the country. People just don't seem to have any staying power. It is very difficult to find people willing to work."

STELCO CAN'T FILL 300 VACANCIES

The Steel Company of Canada Ltd. says it has 300 job vacancies at its Hilton Works even though 522,000 Canadians are out of work.

"We just can't get people to work" says Stelco president Peter Gordon. "But why should they work when they can get paid to stay at home? That's our real problem. The incentive to work is no longer there."

But laziness may not be the only reason behind the company's difficulty in finding men, as an analysis of the open positions shows.

A spokesman said the firm is looking for general labor, skilled tradesmen, utilities and electrical trainees and assigned maintenance trainees, such as millwright helpers.

He could not give percentages.

Canada Manpower spokesmen in the Hamilton area have said for more than a year that there is a general shortage of skilled trades across the country.

The qualifications demanded by Stelco could be a factor in the problems of finding people.

Grade 12 is a prerequisite for a trainee position, the spokesman said. Millwright helper applicants must have mechanical experience and electrical apprentice applicants must have experience in that line.

The building trades, whose entrance requirements are Grade 10, have lists of applicants waiting to start an apprenticeship.

The Millwright's Union, for example, which requires Grade 10, has more than 100 names and it is able to take on only one apprentice a month to maintain the ratio of journeymen to apprentices.

Stelco problems of finding trainees for its maintenance training program may get worse as the rejuvenated apprenticeship program at Firestone gets started.

Firestone is planning its first major intake of apprentices for more than three years.

CANADA MANPOWER HAS 3,000 OPENINGS

Nearly 3,000 job opportunities are available in Hamilton, ranging from about 1,000 openings in manufacturing industries to 34 public service posts.

A spokesman for Canada Manpower said yesterday there is a severe shortage of both skilled and unskilled labor.

The shortage of technical and professional job seekers is listed by the government agency as "extreme" and efforts are being made to recruit people in these categories across the country.

Draftsmen and draftswomen are in particularly short supply.

The only sector which is noticeably slow is retail trading and this is expected to improve this month as Christmas approaches.

Despite the shortage of jobs, the manpower centre still had 5,531 male and 7,171 female clients registered for full-time work at the beginning of the month.

The centre is working with these people in an effort to either place them or motivate them to work.

To fill the more skilled job categories, Canada Manpower has the co-operation of 40 Hamilton companies in training and upgrading workers to the required level at government expense.

The Life Skills Course at Mohawk College is also being prompted to help the disadvantaged—those with barriers to employment, regardless of age or sex—by restructuring their attitudes, skills and life styles to make them productive.

HAMILTON SPECTATOR, 16 NOV. 1974

EDUCATION LEVEL KEY TO JOBS—STELCO OFFICIAL

Stelco president Peter Gordon says his company has 300 jobs open but Bernard Hatt says Stelco's personnel department does not agree.

Clutching a copy of a *Spectator* story from Saturday's paper, Mr. Hatt appeared in the newsroom yesterday minutes after Stelco's personnel department told him they were "absolutely not hiring."

"I told the girl, you're telling me that Peter Gordon, the president of your company doesn't know what he's talking about then," said the Catherine Street South man. "She said, you're absolutely right."

Mr. Gordon complained last week that Stelco couldn't fill 300 jobs at Hilton Works despite the fact that 522,000 Canadians are out of work. He could not be reached for comment by press time.

He blamed his company's problem on easily-obtainable unemployment insurance and welfare benefits that he said paid people to stay home.

Mr. Hatt said he first applied for a job at Stelco around Oct. 20 and was told there was nothing available. He said company personnel officials promised to call him as soon as anything came up but that he has yet to hear from them.

At least five other men called *The Spectator* newsroom with roughly the same complaint. Mr. Hatt said there were several other men in the Hilton Works personnel office yesterday morning waving copies of *The Spectator* story in which Mr. Gordon reacted to Statistics Canada job vacancy figures.

Statistics Canada said job vacancies rose by 18 per cent this quarter to approximately 130,900 openings across the country.

A Stelco official explained the disparity between Mr. Hatt and Mr. Gordon this way.

"Our predominant need is for skilled people throughout the company operations," the official said. "That includes such crafts as machinists, welders, pipefitters and trainees for our mechanical and electrical programs."

The minimum educational requirement is Grade 12 for the training programs and the ability to pass the craft tests for the skilled trade categories.

HAMILTON SPECTATOR, 19 NOV. 74

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FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*



Issue No. 15

Wednesday, April 23, 1975

Tenth Proceedings

The examination of the Estimates of the Manpower Division of the Department of
Manpower and Immigration for the fiscal year ending the 31st of March, 1975

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Wednesday, April 23, 1975
(10) . . . (15)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 3:30 p.m.

Present: The Honourable Senators Everett (*Chairman*), Grosart, Hicks, Manning and Robichaud (5).

Present but not members of the Committee: The Honourable Senator Hays.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

Mr. Joseph Mell
Chairman of the Board of Directors;
Mr. M. Gonzales
Director of Fairshare Incorporated; and
Mr. Steven Reynolds
Placement Counsellor.

In attendance:

Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

At 5:20 p.m. the Committee adjourned until 9:00 a.m., April 24th, 1975.

ATTEST:

Georges A. Coderre,
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Wednesday, April 23, 1975

The Standing Senate Committee on National Finance met this day at 3.30 p.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, in our continuing examination of the Manpower Division of the Department of Manpower and Immigration, we have with us today officials from Fairshare Incorporated. On my immediate right is Mr. Joseph Mell, the Chairman of the Board of Directors; to his right, Mr. M. Gonzales, Director of Fairshare Incorporated; and on his right, Mr. S. Reynolds, who is a counsellor with Fairshare Incorporated.

Mr. Mell tells me he has an opening statement of about 15 minutes' duration. If the committee is agreeable, I will ask Mr. Mell to proceed.

Hon. Senators: Agreed.

Mr. Joseph Mell, Chairman of the Board of Directors, Fairshare Incorporated: Mr. Chairman and honourable senators, on behalf of our non-profit community organization, Fairshare, we thank your committee for this opportunity to appear before you and share with you a short résumé of our experiences in attempting to meet social and economic needs of many of our fellow citizens. We refer to the truly low man on the totem pole—the individual who is not able, through his own efforts and abilities, to obtain permanent employment and security for himself and his family.

We still have today in our nation many who have not received sufficient education or training to be able to compete adequately in the everyday labour market. In the working-class areas of cities such as Montreal there are families who accept on-going unemployment and resultant welfare as a way of life. It is true that no one starves in Canada, but many have been starved of the pride and dignity which go with earning one's way and the respect that comes with regular employment.

In our working-class district of Montreal, Point St. Charles, the under-skilled worker faced the problems brought on by automation in the 1950s and 1960s. It was, in time, not enough to be willing to work. The number of jobs requiring limited skills decreased, while the number of men competing for this type of work increased. During this period, a new factor came upon the scene—the supplier of unskilled and semi-skilled industrial labourers, private profit-making companies, and in most cases, wholly-owned subsidiaries of American enterprises.

Their methods were simple: set up small store front offices in depressed areas where willing workers would

have to accept the absolute minimum wage these companies would pay; contract with employers at rates 50 per cent higher; make it a term of the contract that prospective employers could not hire what they considered to be a satisfactory man until six months later; advance the man sufficient money each day that by week's end he had little enough except to pay his room and look forward to next Monday and another week in bondage. Human beings were, and still are, considered to be marketable commodities by these companies.

There should be something better for the under-skilled worker—but what? Many were resigning themselves to the choice that possibly welfare and government support was not all that bad. The rent was paid, medical attention was free, and no one starved in Canada—only your pride and dignity. Arrangements were made with local social services to refer the many social problems brought to light when one deals with the unemployed as a complete person, sharing the same goals and desires as his better established neighbours. Contact and cooperation began at once with the local municipal welfare office with the concept that welfare assistance would be a temporary remedy, and the final objective would be the re-entry of the recipient into full-time employment. Today this objective remains the same, and a letter of recognition and support from Mr. Jean Seguin, Director, Department of Social Affairs, City of Montreal, is attached. It was found that threat of salary seizures for excessive financial commitments was a major difficulty to many members of what would be called the "floating" labour force. To correct this, referrals to legal aid became a common occurrence.

A charter was applied for under Part 3 of the Quebec Companies Act, as a non-profit corporation, a copy of which is attached. A provincial permit under the Employment Bureaus Act was also obtained. A charitable tax number was requested from Ottawa and duly received. But during this initial period actual financial assistance was limited and it was a continuing struggle to meet overheads and day-to-day expenses. There were no paid salaries for the first 11 months. During this time emphasis was given to permanent placements which totalled 56, counselling about available job training programs, and referral to resources for social and economic problems.

Negotiations for funding began with the federal government. For 10 months a funding request to the Department of National Health and Welfare was followed through the maze of interdepartmental bureaucracy until finally Fairshare was informed that we were at the wrong church and to apply elsewhere. A new request was made to the Outreach program, which is administered by the Department of Manpower and Immigration. Fairshare was accepted in November, 1972, as the pilot project for this program, and a contract for one year was signed, renewable for three years.

According to the signed agreement with Outreach, Fairshare's seven main duties could be summarized as follows:

1. Inform economically weak on social and manpower services.
2. Motivate clients to call on social and community services.
3. Identify training needs of indigent persons.
4. Help disadvantaged groups to develop and carry out projects.
5. Part time employment agency.
6. Motivate and follow-up welfare recipients.
7. Youth development. The complete text is attached.

It should be noted that of the seven contracted duties, six are of a social nature, involving interviewing, guidance, counselling, motivation, referral and follow-up, but all are aimed at the one objective, that being the movement of deprived and unskilled citizens, over a relatively short period of time, into part time employment, and finally, as confidence increases and other problems are negated, into becoming participating and contributing members of the work force of this nation.

The philosophy of Fairshare has never been of a commercial nature, but we have been affected by commercial realities. A worker who is better paid will be a better worker, especially if he realizes that the company, Fairshare, is his and he can look forward, in time, to a suitable permanent job. Fairshare was conceived as a vehicle to carry "passengers" from welfare, unemployment, ex-inmates, drinking problems, to final self sufficiency.

How has Fairshare performed since November, 1972? Facts provide the best answer, and we list several of the major comparisons: Number of clients placed into full-time employment during 1973, 52; number of clients placed into full-time employment during 1974, 105—this represents a more than 50 per cent doubling of permanent placements for the calendar year 1974; total number of days worked on a temporary basis, January, 1973, 313; total number of days worked on a temporary basis, January, 1975, 1923.

Cross-comparison indicates that the number of days worked on a temporary basis increased six times in the month of January, 1975, as compared with January, 1973. The average number of workers dispatched daily increased from 15 per day in January, 1973, to an average of 92 per day in January, 1975.

Of the total number of clients serviced by Fairshare during 1974, 384 were welfare or UIC recipients at initial interview; 942 had not completed high school; 103 were over 45 years of age; 884 were Francophone, 717 Anglophone; and 671 were below minimum level of work experience on-job training.

Of the total permanent placements made during 1974; 35 had been welfare recipients; 49 had been UIC recipients.

The figures concerning municipal welfare recipients should be noted—

The Chairman: If I may interrupt you for a moment, how many clients did you handle in 1974?

Mr. Mell: Approximately 1,600.

The Chairman: And out of that 105 were placed in permanent jobs?

Mr. Mell: Through our facilities, yes. Others of that 1,600 found permanent work after being motivated through working on a day basis. Those are not included in that figure.

The Chairman: And how many were placed in part-time jobs; that is, how many of those 1,600 were temporary jobs?

Mr. Mell: That figure would be 1,068, Mr. Chairman.

The Chairman: So 1,068 worked 1,923 days?

Mr. Mell: That is one month, Mr. Chairman, the month of January, 1975.

The Chairman: So, 1,068 were temporary jobs.

Mr. Mell: That is the total number of T-4 slips we had to issue at the end of the year.

The Chairman: And those were all hired out on temporary work?

Mr. Mell: That is right.

The Chairman: What is the total number of days worked on a temporary basis in 1974?

Mr. M. Gonzales, Director, Fairshare Incorporated: We have those figures, Mr. Chairman, but they are not totalled. As soon as they are totalled, we will give it to you.

Senator Carter: Are you asking for the total man days in 1974, Mr. Chairman?

The Chairman: It is set out as the total number of days worked on temporary basis. I assume that means man days.

Mr. Mell: It is an average of 7.2 hours per day, senator. If I may continue, the figures concerning municipal welfare recipients should be noted, and they are as follows: municipal welfare referred 34 clients to Fairshare during 1974, and Fairshare actually serviced 128 welfare recipients during 1974. This means that 94 additional welfare recipients, on their own initiative, came to Fairshare for assistance. Many were placed in permanent jobs or found temporary day work through Fairshare.

Based on an estimated annual benefit of \$3,000 per person removed from welfare or UIC, the 1974 total for the 84 placements is in excess of one-quarter million dollars.

Mr. S. Reynolds, Counsellor, Fairshare Incorporated: The figure you asked for, Mr. Chairman, is 23,079 temporary day placements during the calendar year 1974.

The Chairman: Thank you.

Mr. Mell: Attached to our submission, Mr. Chairman, is a financial statement detailing the grant Fairshare received from Outreach in 1974 and the actual amounts returned to the government through payroll taxes and government required deductions. If we may quote the figures from that statement, they are as follows:

1974 Outreach grant to Fairshare—117,932.38
Taxes returned to Government—125,247.71
Gross Industrial Sales—600,015.58

Federal Income Tax—\$34,568.06
Quebec Income Tax—\$39,694.02
Quebec Pension Plan—\$20,387.30
Unemployment Insurance—\$20,028.19
Quebec Health Insurance—\$10,570.14

Fairshare actually returned more to our governments than we received in grants from Outreach. We can only estimate the effect to the nation of placing adequate wages, represented by the \$600,015.58 industrial sales, into the hands and pockets of the low man on our labour totem pole—the unskilled day labourer. What was the total benefit from decreased welfare and UIC payments? We don't have exact figures, but the amount is substantial. How many homes are still together because of lessened financial strain? Again, no exact figures, but enough cases we are aware of to have made our efforts feel worthwhile.

Senator Hicks: Could I ask a question there? I do not understand the significance of your gross industrial sales of \$600,000.

Senator Carter: That is purchasing power.

Mr. Mell: Purchasing power for people who would possibly be on welfare at one-half to three-quarters of that. This is what the day labourer received for going out over the period of a year.

The Chairman: These are actually the sales of your organization, are they?

Mr. Mell: Represented by labour. It is earned by the actual day labourer.

Senator Hicks: This is the total earnings of the people during the period, which you say is available to buy things with.

Mr. Mell: Which goes back almost totally to the man.

The Chairman: That is both permanent placements and—

Mr. Mell: No.

Mr. M. Gonzales Director, Fairshare Incorporated: There is no charge for permanent placements.

The Chairman: This is the amount billed by Fairshare to the employer?

Mr. Mell: The people we supplied services to, and in turn it was given completely back to the man.

The Chairman: Less deductions.

Mr. Mell: Less deductions, yes.

By the spring of 1974 Fairshare was in an excellent position. Placements were averaging well over 100 per day. Our general labourers were receiving approximately \$40 more per week than the minimum wage, and some families who had not had a working member in two generations were packing morning lunch pails. The provincial government's "Return to Normal Life" program co-operated in working together to provide the additional counselling and follow-up social services necessitated through the increased number of clients being handled. The written support of the Canadian Labour Congress had been received, a copy of which is attached. Planning for a limited venture into the temporary female office field was under way, when suddenly the attitude of the Manpower department changed.

The private and profit oriented industrial companies were lobbying in Ottawa and were received at the highest levels. We were informed that funding was to be immediately reduced so that by November, 1975, we would be self-sufficient. Our position was that it was not the "vehic-

le" Fairshare that should become self-sufficient but our "passengers," the low income industrial workers, who were in need of becoming self-sufficient.

The Chairman: Could I stop you there? You make the suggestion that the reason the department informed you that your program would be self-sufficient was due to private industrial company lobbying in Ottawa. Is that correct?

Mr. Mell: That is correct, Mr. Chairman. Could I substantiate that statement?

The Chairman: Please.

Mr. Mell: I will read from the proceedings of the Standing Senate Committee on National Finance held last week, in which Mr. Coke, at page 13:16 was questioned:

SENATOR NEIMAN: Has that situation been rectified, in your view?

MR. COKE: Substantially, yes, because, first, people in the department were receptive to our representations.

The Chairman: We have Mr. Toupin here from the department. So that we have the record straight, do you have any comment to make on that, Mr. Toupin?

Mr. D. Toupin, Director General, Manpower Client Services Branch, Department of Manpower and Immigration: No, Mr. Chairman, not at this point.

Mr. Mell: It would not be possible to become a commercialized venture and still fulfill the originally contracted social services which we hold to be of primary importance. For many long months we have fought to retain intact the concept of Fairshare. Our contract was placed on a month-to-month basis, and we were continually in a serious over-draft financial position. It has been difficult to maintain morale through the uncertainty of being suddenly without funds. We recognize and have accepted the fact that Outreach was designed for a three-year lifespan, but we feel sincerely that there will be a continuing need for this service after November, 1975.

We have at this time accepted the Department of Manpower's insistence on a 35 cent per hour contribution from the workers towards the operational cost of Fairshare. This is still leaving the worker with sufficient incentive—\$40.00 per week—to leave the ranks of the unemployed and welfare rolls. To attempt to withhold more would change our entire concept. To operate after November 1975, without some form of direct government grant would force the closing of a large part of existing social services to this segment of our population. In three years, we at Fairshare have not solved all the social and work problems of all part-time workers. New situations arise daily, especially with the present depressed economy. Unfortunately, for many Canadians poverty is not a three-year program but a lifetime experience.

Senator Hicks: I have a question on that paragraph:

We have at this time accepted the Department of Manpower's insistence on a 35 cent per hour contribution from the workers towards the operational cost of Fairshare.

For how long does a worker make that contribution? If you get him a permanent job, he does not do it for ever?

Mr. Mell: No, but it is the worker going out to work from whom there is a deduction at the present time of 35 cents.

This came at a time that the minimum wage was increased, and it was not passed on completely to the worker at that time.

Senator Hicks: But for how long does the worker make the contribution—for the first week, for the first month?

Mr. Gonzales: Each hour of each day of each week, as long as he is employed at Fairshare as a Fairshare employee.

Senator Hicks: Once you place him in a permanent job he ceases to be a Fairshare employee.

Mr. Gonzales: That is right. There is no charge to the employer and he is free to do whatever he wants.

Senator Hicks: So this is really, in a sense, only in a so-called temporary category.

Mr. Gonzales: That is exactly it.

Mr. Mell: Just working on and attempting to get into permanent employment.

Senator Robichaud: Arising out of what we have just heard, there are a number of questions that could be asked. First, I would like to express my appreciation to you for what you are doing at the moment. Although you touched upon the genesis of your own organization, I should like to know what prompted you to get into that kind of activity in your life. I notice that you are very articulate; there is no problem for you to find a job anywhere. Why did you have to create your own job and, in the process, try to create jobs for other people?

Mr. Mell: I will answer that for myself. I am an unpaid volunteer chairman of the board of directors and I do not work in an official capacity on a day-to-day basis. I have my own employment. Mr. Gonzales would be the one who would answer as to why he got involved in Fairshare.

Senator Robichaud: You are completely unpaid?

Mr. Mell: Completely unpaid.

Senator Robichaud: In other words, you do not touch any part of the percentage?

Mr. Mell: Nothing whatsoever.

Senator Robichaud: Or any part of the grant that was paid and is being paid until November of this year to the organization?

Mr. Mell: No, not one penny through Fairshare.

Senator Robichaud: You are volunteering your services to the organization?

Mr. Mell: To this organization among a few others.

Senator Robichaud: What prompted you to make such a humanitarian gesture?

Mr. Mell: I have been involved in boys' work since 1947, and in the area of Montreal I am president of Leo's Boys' Sports Association, which deals with the complete community. As kids are playing sports, we know they eventually have to get out to work; we are involved with the parents, with the families, and this was a need that existed in the community. When Mike wanted to do something about it, the people in the community got behind him although it took a long time.

Senator Robichaud: Who approached whom?

Mr. Gonzales: It would be Mike.

Senator Robichaud: Because he knew from other areas?

Mr. Gonzales: Joe was on the board of directors of the Federation of Catholic Community Services and we were looking for seed money to get the operation started. We approached him for a presentation to the Catholic Community Services, in order to give us some money to fix up the basement area and put in some office furniture. From then on we worked ahead and formed a board of directors and Joe was appointed president. All the board of directors are on a non-salary basis.

Senator Robichaud: There are 11 directors?

Mr. Gonzales: Thirteen, but they are all community people, school teachers, truck drivers.

Senator Robichaud: They are not drawing any salary for the work they are doing?

Mr. Gonzales: No. They are not actually involved in the day-to-day operation of Fairshare.

Senator Robichaud: Who is involved?

Mr. Gonzales: I am. I am the senior administrator or director.

Senator Robichaud: And on salary?

Mr. Gonzales: Yes.

Senator Robichaud: Who else?

Mr. Gonzales: Right now there are 12 people, 11 plus myself.

Senator Robichaud: Who started it? We are not questioning it.

Mr. Gonzales: Some said it was stupid.

Senator Robichaud: You are supplementing or complementing the efforts that are being made by Manpower and some private employment organizations; but those are profit-making organizations, whereas yours is a non-profit-making organization. Where do you go from here? You do not make any profit. If you do not have any other money but the percentage you charge for jobs, where do you go from here, come November? Where does your future help come from?

Mr. Gonzales: That is a two-part question. Where do the people using our services go? They go back to Manpower and receive the same type of treatment that I received when I went there. I had no special skills or education. We are told we will receive a yellow card. It comes and asks are we available for work, and we send it back. Three months later we get another yellow card asking are we available for work, and we send it back. Three months later again we get another card and send it back. This may go on for some years with four or five cards, but we never get any jobs. We can now point to Fairshare and can show that it is a good community vehicle. There is no problem. We have one of the best reputations in the city of Montreal as a temporary employment agency, but then we are exploiting people just the way I was exploited at the other places.

Senator Robichaud: What do you receive from them?

Mr. Gonzales: It is shown on the back of each one of these presentations. There is a breakdown of how each dollar received by Fairshare is distributed. The cost to the employer, as far as general labour is concerned, is \$3.95 an hour. The rate we pay to the employee is \$3.42 an hour. The deductions are 18 cents an hour. The administrative cost, which has come into effect as of November of last year, is 35 cents an hour. In no way was this our idea to start taking these administrative costs, but the government felt that our organization should be partially self-sufficient, and we agree to do that. I would like to say that should Manpower itself have to exist on charges they would levy on their people who went in there for work, the whole department would starve to death.

Senator Robichaud: You are a non-profit making organization and next door to you is a profit-making organization in the same field. How do you feel about them?

Mr. Gonzales: First of all, I should make this comment. The reason Fairshare was originally started goes back to the 1970s. I was unemployed. There were quite a few unemployed. We went to the welfare office. My unemployment benefit had run out, I could not get a job and I went to the welfare office. They referred me to a private agency. I went to work for that private agency for a couple of days and found it was really degrading the way they treated me.

Senator Robichaud: Who treated you?

Mr. Gonzales: The agency itself. Its attitude is that people are crap, you know.

The Chairman: Perhaps you could give us more detail on what you are talking about. This was for temporary employment?

Mr. Gonzales: Yes.

The Chairman: Who referred you to it?

Mr. Gonzales: I was referred by the welfare department. They said there was nothing the matter with me, that I could get a job. They gave me a card and said I was to go to this industrial blue collar agency, on Laurier at the time.

Mr. Robichaud: A private agency?

Mr. Gonzales: Yes.

Mr. Robichaud: Employing you temporarily?

Mr. Gonzales: That is right.

Mr. Robichaud: Who maltreated you? Was it the agency or the employer?

Mr. Gonzales: It was not the employer. No employer who has a moving job cares who he gets in most cases, whether he gets it from a Fairshare man or a Staff man or a Manpower man. All he is interested in is getting the work done, and that is fair. The times were hard enough but the point was, there was the feeling that when you went into these agencies and had any pride at all, you were subjected to a dehumanizing experience in the way they talked to you and did the whole thing. As far as Fairshare is concerned, the first thing we did when we organized Fairshare was to say that the most important thing to any individual who comes in to us is his dignity and that we are not going to set this place up as a rat trap. Right now the facilities are such that you can dance in there. In fact we had dances there. They have television sets, they can play chess, they

can play cards or cribbage, while waiting. We treat people as human beings, because we are one of them, we are—

Senator Carter: I was going to ask him to describe just exactly what treatment he got, and he said it was dehumanizing, it was the attitude.

Mr. Gonzales: These guys are out to make a buck, and that is the way they treat you.

Senator Carter: You say they treated you as something less than a human being?

Mr. Gonzales: That is right.

Senator Carter: What did he do to give you that impression? That is what we want to get.

Mr. Gonzales: If I could give examples—

Senator Robichaud: I think it would be beneficial if we did have examples. That is a very fine statement you made, that it was dehumanizing, but how? I think we should ask you in what way.

Mr. Gonzales: There is one thing I can remember. You know, my experiences are very small because I did not stay. I just said, "I'm not staying; I'm getting out of here!" It was the general way that they treated you. They would tell you to sit down, or to get out of the way. They would say, "Get out of this; you guys get out of here!" It is hard to describe; it is something you feel. Steve can give you examples of other people who came into our project and related them to us.

The Chairman: I do not think that we are looking for hearsay evidence. What we want is direct evidence.

Senator Grosart: What was the name at that time?

Mr. Gonzales: This is going back about five years ago. It was Industrial Blue Collar. Since then I think it has gone out of business.

Senator Grosart: Do you know of other agencies that treated people in this dehumanizing kind of way? Is there a lot of them?

Mr. Gonzales: In Montreal, when setting up such an agency the first thing you are looking for is a dispatcher.

Senator Grosart: That is not my question. Are there a lot of others as bad as Blue Collar?

Mr. Gonzales: Yes. I said that the first thing they look for is a dispatcher, a muscle man.

Senator Grosart: You indicated others that are just as bad. Give us their names.

Mr. Gonzales: We can start off. One of the agencies that has a bad reputation in workers is Staff Industrial. We could go to Dock Personnel.

Senator Grosart: Let us have the names of these agencies, because we ought to find out if they are dehumanizing people. We have to know the names so that we can investigate the situation.

Mr. Gonzales: If you want hearsay evidence, I can only give you my experience from two days. I hesitate to suggest that you personally attend at these places, but we have mentioned it a hundred times that someone should go to these agencies. That would be the fair way to judge the situation.

Senator Grosart: Well, we want to know where to go.

Mr. Gonzales: I have just given you two names.

Senator Grosart: Can you give us any others?

Mr. Gonzales: Those are the two I would say are the most infamous so far as I am concerned.

Senator Grosart: How many other agencies in this general category are there in your area in Montreal?

Mr. Gonzales: There are about six agencies altogether.

Senator Grosart: Aside from your own agency, are any of the others any good at all?

Mr. Gonzales: Are any of them doing anything? Let us put it this way: Are any of them paying over the minimum wage?

Senator Grosart: I am not asking about the minimum wage. I am asking whether any of them are dehumanizing the people who go there for employment.

The Chairman: Senator Grosart, the witness is hardly in a position to answer that question.

Senator Grosart: It is an important question.

The Chairman: Certainly, it is an important question, but the witness has indicated that he is not in a position to answer it.

Senator Grosart: I should like to know to whom he is referring. Who are the people who are behaving so badly? If it is a pattern that extends to all of these agencies, then we have a serious problem to deal with. If it is only the odd situation here and there, then, that is another matter. That is why I want to know how many there are. The witness says there are six agencies. I should like to know if all six of them dehumanize the people who go to them.

Mr. Gonzales: If you are paying a person the minimum wage, you are dehumanizing him as far as I am concerned. You are not giving him enough money to live, for one thing.

Senator Grosart: I am not asking for a definition.

The Chairman: I think your point on dehumanization was by way of a comparison to your own experience.

Mr. Gonzales: Yes, it was my experience.

The Chairman: Senator Grosart's question is: Can you tell us whether the six agencies in Montreal are treating their clients in the same way as you were treated? Is that not what you are asking, Senator Grosart?

Senator Grosart: In effect, yes.

Mr. Gonzales: I cannot answer the question, unless I am able to use other experiences by other individuals who have come into our agency, you know.

The Chairman: We will pass on to another question.

Senator Robichaud: I am not sure what your interpretation of the word "dehumanizing" is. For example, my wife happened to be here with the car this morning. She parked in the Senate parking lot. I also had my car parked there. One of the officers spoke to me about the matter. Perhaps I was being dehumanized.

Senator Hicks: No, you were just taking advantage of your situation.

Mr. Mell: I would say that the dehumanization is in comparison to the fact that a fair share means somebody is treated as a human: if they are treated as if they have feelings and problems and that there are reasons why they cannot work; if they are treated as if other people are interested in and concerned about them as human beings. If they do not have the facilities or the capacity to work every day, are not able to go out to work, for whatever reason—if such people come to us we treat them as humans. In the other agencies that is not done.

Senator Robichaud: I appreciate what you are saying and I think we are now on the right track.

Who approaches whom? Do you approach the people or do the people approach you for employment?

Mr. Gonzales: So far as employment is concerned, most people approach us.

Senator Robichaud: Who are they?

Mr. Gonzales: They can be referred by various agencies. We do have a list here of a few agencies which refer people to us, including Canada Manpower.

Senator Robichaud: Do you have contacts with Canada Manpower?

Mr. Gonzales: Definitely.

Senator Robichaud: Do you have contacts with other organizations such as the John Howard Society?

Mr. Gonzales: Yes. Perhaps I could read this list of agencies. It would fill in the picture for you.

Senator Robichaud: Certainly.

Mr. Gonzales: The following are the referring agencies which make referrals to Fairshare:

Anglican Cathedrale Social Services; Benedict Labour House; Brewery Mission; Canadian Coalition for Development; Catholic Family & Children's Services; Catholic Men's Hostel; Centre de Main-d'œuvre du Canada; Centre de Main-d'œuvre du Québec; Centre de Réadaptation Lethbridge; CFCF Television 'Action'; Child Service Centre; CLSC (Hochelaga); Département des Affaires Sociales; Douglas Hospital (Out-Patients); Federation of Catholic Community Services; Foyer des Sœurs; Greater Montreal Anti-Poverty Co-ordinating Committee (GMAPCC); Greater Montreal Association for Relief and Aid To The Needy (GMARAN); Grace Anglican Church; Jewish Vocational Services; John Howard Society; L'Accueil Jeunesse; L'Association Nouvelle Vie; Leo's Boys Sports Association; Little Burgandy Community Centre; Manpower Service (South West); Montreal Montreal Boys & Girls Association; Catholic School Commission (C.E.C.M.); Montreal General Hospital (Social Services); Quaker Meeting House; Retour-à-la-Vie Normale; Savi; Service Communautaires de La Pointe Saint-Charles; Service aux Jeunes; 'Star Action' (Montreal Star, The); Spera Foundation; Unemployment Insurance Commission; United Auto Workers Union (Local 510); Ville LaSalle Employment Office; Ville Marie Social Service Centre; Weredale House; Youth Habilitation.

Senator Robichaud: Did you approach them first or did they approach you?

Mr. Gonzales: In some cases we might have approached them; in other cases it was a matter of referral. The Greater Montreal Referral Service uses us as the referral agency as far as temporary manpower is concerned.

Senator Robichaud: What percentage of your placements are on a permanent basis?

Mr. Gonzales: First of all, one difference is that, unlike some of the other agencies, we do not charge the employer. On the contrary, we encourage the employer to hire our employees on a permanent basis.

Senator Robichaud: What percentage are employed permanently?

Mr. Mell: There were 105 during 1974 and 52 during 1973.

Mr. Gonzales: I should clarify one point. When we originally signed the Outreach agreement with Manpower, we were told specifically that we were not to be a permanent employment placement centre; that was Canada Manpower's function and we were not to duplicate that function. Therefore, we were set up as a temporary employment agency. Naturally, if permanent jobs developed out of temporary placements, that was all right. In other words, if an employer decides that a temporary worker is a good worker, the employer can hire that person. That is fine.

Senator Robichaud: You just mentioned Canada Manpower. Are you happy that they are in the business of finding jobs for people, or do you resent the efforts they are making? Do you feel that they are in competition with you?

Mr. Gonzales: Oh, no, definitely not.

Senator Robichaud: Do you work with them?

Mr. Gonzales: In most cases, yes. There is no problem so far as Fairshare working with Canada Manpower is concerned. The problem is to have Canada Manpower work with Fairshare, because in my opinion some of the civil servants employed by Canada Manpower tend to resent Fairshare. They look at Fairshare and they see a community employment agency being successful and they are a little bit leery that maybe we can do it a little bit better than the uptown bureaucrats. You see, in our case the Manpower Centre is on St. Catherine Street and is away from the community.

Senator Robichaud: You are on the payroll of Fairshare, are you?

Mr. Gonzales: That is definite, yes.

Senator Robichaud: Who determines your salary?

Mr. Gonzales: Canada Manpower.

Senator Robichaud: In what way? How? You are completely autonomous, are you not?

Mr. Gonzales: In what respect?

Senator Robichaud: Are you not autonomous? I mean, you are not operating your business with a grant? You do not have any interference from outside?

Mr. Gonzales: Going back to 1972, an original budget was submitted to Canada Manpower with regard to the

people who were to be employed through Fairshare. Each year the budget is renegotiated, and since 1972, each April, they have given a 10 per cent increase to keep up with the cost of living.

Senator Robichaud: The members here have not had an increase since 1970, but that is beside the point.

The Chairman: Senator, if you could complete your first round of questioning, I will pass on to other senators and come back to you.

Senator Robichaud: I have a lot of other questions, but I will pass for the time being.

The Chairman: Senator Carter?

Senator Carter: Mr. Chairman, the statement by the witness indicated that this group, or this organization, came into existence to fill a need, and apparently that need was not being filled by Manpower. Now, can you tell us, Mr. Gonzales, why Manpower was not filling this need?

Mr. Gonzales: Well, in discussions I have had with people from Manpower, as far as the temporary employment agency part of it is concerned, they told me that they were unable to provide the type of service that we were providing, for the simple reason that they were not, by law, able to do the administration.

You have to remember one thing—when we send people out to work, we actually do the UIC, the QPP, and the billing to the customer. We do the administration, in other words. It is not a matter of the customer paying \$3.95 an hour.

Senator Carter: Were you acting as an employer, then?

Mr. Gonzales: Definitely.

Senator Carter: Are you still acting as an employer?

Mr. Gonzales: Definitely. Right. Going over one of the Senate reports, I noticed you were discussing permanent placements, and Manpower classified as a permanent placement one week of employment. I know for a fact that this figure we do not use at all. In temporary jobs we may have one employee who has been working with us for a year. If we were to use Manpower's figures we could say that he had had 26 permanent jobs, because he has worked two weeks 26 times with 26 different companies; so what I am saying is, in effect, that the permanent jobs that we have been able to secure are actually permanent jobs, where a person will go in and we are sure of the wage.

Manpower has the same problem as we in the sense that a lot of employers in Montreal have heard about Fairshare; so they give us a call, they need ten men, but they want to hire them on a permanent basis and want to pay \$2.30 or \$2.40 an hour. We are not interested however, in providing labour in those circumstances unless the employee we have is interested in working for \$2.30, because what we are doing by providing employment through the temporary help aspect of our organization is to provide a worker with a half decent wage. You are not going to convince people to come off welfare if you are paying them \$2.30 an hour. You are not going to convince them to come off unemployment insurance, for that matter.

Senator Carter: What I am trying to get at is this: As I understood your story at the beginning, here you were, a bunch of people who were unemployed, and mainly without skills, this being the main reason why you were not

employed. You lacked the skills. You therefore decided to do something about it, you came together and you started doing something even before you became incorporated, did you not?

Mr. Gonzales: Well, there is a little bit of a story attached to that. First of all, we had the facility on March 6, 1971, and in about April of that year we applied to the Department of National Health and Welfare for a grant. We had a person come down and do an investigation of the project, et cetera, and they promised us a grant to start the project off, of \$68,000.

Senator Robichaud: Was that the Department of National Health and Welfare, or the provincial one?

Mr. Gonzales: Definitely the federal department. After a six-month period it was down to \$25,000. They did not think they could give us \$68,000. After ten months it was down to \$10,000, and then they sent us a letter verifying the fact that they were going to give us a \$10,000 grant. They thought the idea was a pretty good one, and after ten months of consideration they were going to give us \$10,000 to start us off. After a month, then, we received a letter saying, "You are in the wrong department. You should approach Canada Manpower. We have decided not to give you the money." We were therefore actually in operation from March 6, 1971, to November 1, 1972, before we received any funding.

Senator Carter: Yes. Well, that is what I wanted to get at. Did you start off originally with the idea of being an employer? Did you start off with the idea of being that type or organization? Manpower put you into that. Is that right?

Mr. Gonzales: No way. This was an original idea by people, who felt that the services of Manpower were inadequate. They were not servicing the type of people we had in our community, and what was happening was that everyone was going on welfare. Radical types of social workers were coming down, and we started having demonstrations against this department and demonstrations against that department, and the whole social system. We felt, "Look, most people in our district want jobs. They are not after welfare. Who is going to provide them with jobs? Canada Manpower?"

Senator Carter: I want to get at something else. What I am trying to get at, and I am not doing it very well, is that you were a group of people who were out of work. Apparently you had gone to Manpower to try and find jobs through Manpower. Manpower has not found any jobs. You say you get a little yellow card and wait three months, they you get another yellow card, and all you were getting was yellow cards and no jobs.

Mr. Gonzales: Right.

Senator Carter: The jobs, however, were there. This is what I am getting at. Apparently when you got organized yourselves you found jobs; and you found jobs, furthermore, that as far as Canada Manpower was concerned did not seem to exist.

Mr. Gonzales: One of the problems we had in the area was that of people being uneducated. Myself, I have seventh grade as far as schooling is concerned. For seven and a half years, however, I was employed as a Cardex operator with Union Twist Drill. When I left Union Twist Drill, because they had moved from one area in the city up

farther away, and I applied for the same type of job they were asking for at least one year of college to do that type of work. I had seven years' experience, but they were not interested in that. They wanted a high school diploma and maybe one year of college to do that same type of job, so I had no success at all in finding a job that I was suited for.

Senator Carter: I listened to you when you read your brief, and I read it myself, and you said, I think, right at the beginning, that Manpower was not very much interested in the unskilled part of the labour force.

Mr. Gonzales: Well, I cannot say they are not interested, otherwise they would not be financing Fairshare; but what I am saying is that they are not equipped because of certain qualifications demanded by employers.

Let me give you an example. The CNR, which is in the heart of the Point St. Charles district, have a big shop. When I went up there to talk to the personnel manager, I found that they had only hired two people from the Point St. Charles district over the whole year. I asked him why. I drew his attention to all these mad men who were driving their cars along the street at night from the CNR shops, going to different communities, for example, out to Lasalle, to live, and were killing kids in our district. At that time two kids had been killed because two guys had come out of there, and were so anxious to get back to their bungalows in Lasalle. I asked why they could not hire people from the area, and he gave us all kinds of answers until finally I said to him, "Look, the people in this district are entitled to work in the district, and if you are not going to be receptive, what I will do is get some of the citizens' organizations together. We will block the streets at night unless you start employing people from the district. We are not asking you to take anyone from the taverns and provide them with jobs. What is happening is that people with qualifications are right here and they are not being accepted into the CNR. Why is that?"

There was some sort of agreement at that point, apparently, that they did not hire people from Point St. Charles. Since then they have hired 15 people, and out of the 15 one has left because he got a better job. Fourteen are still employed by CNR.

Senator Carter: Were you yourself unemployed at the time this organization was started?

Mr. Gonzales: Definitely. I was on welfare.

Senator Carter: And you have created this job you are doing now?

Mr. Gonzales: Yes.

Senator Carter: Have you had any other job besides this one since the thing started, or have you developed this with the result that this has become your job?

Mr. Gonzales: It is my job, definitely. I am there from 8 o'clock in the morning.

Senator Carter: You did not come in from any job; you were unemployed?

Mr. Gonzales: I was unemployed and on welfare.

Senator Carter: You said at page 10 that you were getting to the point at which you were making over 100 referrals per day.

Mr. Mell: Over 100 placements.

Senator Carter: I meant placements. That is a lot of placements. How long do these placements last? Are they only just for a day or so? Are you placing the same fellow over and over again?

Mr. Gonzales: We have gone as high as 168 in a day in some cases. We have had a regular list of workers who would go back to a company, which has been as high as 70. That means that so many companies were taking workers back, probably over a two or three-week period, over a month and in some cases the whole summer. You must bear in mind that during the summer months Fairshare is very active, in that we replace people on vacation. This is done by other agencies, not only Fairshare.

Senator Carter: Are your records similar to those of Manpower? If you place a worker three times, would you call that three placements?

Mr. Gonzales: We do not do that, senator. I just stated that although a person may work for us for two weeks, or two months, it is not made a permanent job until we discover that he is placed in a job that requires a permanent person. We carry out a check and if the man is still there after three months he is considered to be employed.

The Chairman: You have made a statement, of which we were aware, that Canada Manpower considers a placement to be permanent after one week.

Mr. Gonzales: That is what I read and I was surprised.

The Chairman: What would you in your experience consider to be a permanent placement? Would you say three months?

Mr. Gonzales: No, I consider a permanent placement to be a job for a person who remains at it.

Mr. Mell: But the yardstick with which we would measure it is if the worker is still employed there after three months.

The Chairman: Is there much trouble in checking on the permanency of the placement?

Mr. Gonzales: Not really. We call the employer and ask him if he is satisfied with the employee we sent. If he says yes, we ask if he would mind if we were to call in another two months. In many cases we have had companies hire as many as five workers from us. I am not talking of \$2.30 per hour, but as high as \$5.70 an hour for an unskilled labourer, people on welfare who have gone into jobs actually paying over \$5 per hour.

Senator Carter: You have handled not only the job requirements of people, but their social problems as well. You have given them counselling, I gather, although you have not spelled it out, for domestic problems in an endeavour to straighten those situations out. Have you ever referred people for training?

Mr. Reynolds: I would say that we have not referred a large number of people over the past year, or let us say since the inception of the project. However, when we feel that a client would benefit from Canada Manpower training courses we do suggest that the person himself attend at the Manpower office in his area and ask for information pertaining to particular training or courses. We do try at the point of interview to sustain their interest in calling upon Canada Manpower for assistance by telephoning a counsellor or telling the worker to present himself there

right away as there seems to be an opportunity opening up for him. We try to motivate them to seek Canada Manpower assistance.

Senator Manning: Mr. Chairman, before asking two or three questions, I personally feel that this group deserves a great deal of commendation on at least two scores. We have here, if I understand the situation correctly, a case in which unemployed workers, without particular skills, took the initiative of endeavouring to do something about their own situation, rather than asking governments or someone else to do it. In my opinion, they are deserving of the commendation of this committee and the Canadian people for the attitude they have displayed in attempting under all circumstances to preserve and enhance the dignity of those with whom they deal. We may find differences of opinion as to whether others are as bad as you indicate, but this particular organization puts much emphasis on building up the confidence and dignity of those with whom they deal. In this day and age that deserves a great deal of credit.

Do I understand that you, as an organization, are the actual employer of those you assist, and that you, in turn, contract the workers out to the employers? In other words, does the employer pay your organization and you pay the workers?

Mr. Gonzales: I will start from the beginning. We will receive a phone call, possibly in the morning, or the previous evening, for three men. We, in turn, will make up worksheets and deliver these men to the jobs in any part of the city by means of four trucks which we operate. After the man has finished his work, whether it be four hours, eight hours, or three weeks, we bill the customer. This is done on a weekly basis.

Senator Manning: The customer pays you and not the worker?

Mr. Gonzales: That is correct. The breakdown on the back of the sheets illustrates exactly how the customer is billed. It may be \$3.95 per hour, of which \$3.42 goes to the man and the remaining 35 cents toward administration.

Senator Manning: As your organization has become better known, I presume you have received requests for help from a much larger body of unemployed. Has your ability to place workers kept pace with the increased numbers who come to you for assistance, or are you getting further behind?

Mr. Gonzales: We must admit one thing, that right now—I do not know if Montreal is indicative of the rest of the country—we are in a recession. Most industries we deal with—and when I say “most” I mean basically the transport industry—are operating at approximately 25 per cent of their capacity. They are using drivers as helpers, in order not to lose the drivers. We, in turn, have been affected by that. This is one of the arguments we have against Manpower. Last year they projected that, because of the increase in business over the previous two years, our business should increase by approximately 15 per cent, when in fact it has decreased by 25 per cent, and because of the numbers of people coming in because of all the lay-offs in Montreal, dock strikes, you name it, we are actually turning people away at the door. We tell them there is no sense in making an application. I do not believe in building up any false hopes in anyone as far as just writing an application out so that we will have a statistic saying we interviewed one more person. That is not what it is all

about. If we have no work, we just tell them. One the other hand, if they are willing to make an application out and we receive a call on a permanent type of job suitable for them, that is a different matter. I admit that most of those who come to us are basically interested in permanent jobs. However, I state again that that is Manpower's function. The only permanent jobs that we will solicit, unless we have permission later on, are those in which a person works for Fairshare at Kraft Foods, Clark Steamship Lines, or any of the various companies that use us and the employer likes the particular man and wishes to hire him. We encourage them to do so. There is no charge such as private agencies used to make. They do not do that any more, because when we appeared on the scene we changed a few of the arrogant types of practices that had been going for them. At one time they made sure that their employee was on at least six weeks before the employer accepted him on his permanent payroll.

Senator Manning: When you speak now of being the employer of the people, you do not employ these until you have an employer available to take their services. You are an agent between these people and the employer. The pay comes from you, less the federal income tax deduction?

Mr. Gonzales: This comes from people believing they are poor people or underprivileged people. Our organization opens at five in the morning. During the winter months we have a line-up at our door at a quarter to five in the morning. If anyone tells you that people do not want to work, they are wrong.

Senator Manning: How do you make the selection? Say you have applications for 50 people. How do you do that?

Mr. Gonzales: It is on a first-come, first-served basis. Let us take, for instance, Robin Hood Flour. They might have a van load of 800 bags. The person who is next on our list may not be sent because the work is too hard for him, he is five-foot-nothing tall, or he is elderly. We have people who are 45 or 50 years old.

Senator Manning: You said a first-come, first-served basis. Is there any attempt, at that point, to fit an employee to the job, apart from the few points you have mentioned?

Mr. Gonzales: It is done so rapidly. There is a call in the morning. It is temporary labour in most cases. It is casual labour. In most cases it is work that regular employees will not do. Let us say there is a dirty job, for which general labourers are getting \$5 an hour. This is the kind of work that that kind of labourer would not do; so we send along a couple of muckers, and the work is done.

Senator Manning: On the financing end, am I correct in saying that the fundamental difference in the way you function at Fairshare, compared with the private placement agencies, is that, first, I assume you keep your costs much lower?

Mr. Gonzales: So far as costs are concerned, I would say that possibly private agencies are more economical than we are, because we offer so many other services. If the operations of Fairshare were just a commercial venture, it could be operated with four or five people. We use many more.

Senator Manning: That raises the point I was going to make. You mentioned these 11. Can you tell us briefly the type of people they are? Do they include counselling people?

Mr. Gonzales: When we originally started, at least five of the 11 were on welfare, myself included. I do not know one who had a permanent job when we started.

Senator Manning: What about the 11 now?

Mr. Gonzales: The 11 we have now?

Senator Manning: I am not concerned about the fact of their being on welfare. Have you found it necessary to go out and hire people with special skills as counsellors, and things of that sort?

Mr. Gonzales: The organization has always tried to have people fit into the type of jobs we require, so far as the operation of Fairshare is concerned. Let us start with the two people we had when we originally started our sales. One was well acquainted with the various industries. He had been traffic manager of Noranda Copper but had a nervous breakdown. He was on welfare because his unemployment benefits had run out and he could not get back into the work force. We hired him as a salesman and he turned out to be a good one. Our accountant is a CGA—a certified general accountant. The other sales person is a hustler—he is able to go out and talk to the customers. Our despatchers are people like that. We have one despatcher who has 12 children. He was on welfare. He has arthritis and at times can hardly walk; yet he is at work at five or 5.30 in the morning. Sometimes he is late! The point is, he can tell every alley, nook and cranny in Montreal. No one knows Montreal like he does.

Senator Manning: Am I correct in saying that the majority of your staff are this type of person? You are not hiring people who are sociologists?

Mr. Gonzales: I would not hire a social worker or a Manpower employee.

Mr. Reynolds: The problem is trying to get persons who can really identify with people. You have to have this type of person.

Mr. Gonzales: A person, whether he is English or French, can walk into our premises and talk to anyone as an equal. It is not a case of a CEGEP student dealing with a person, or a Manpower counsellor, because he is required to go through CEGEP, dealing with a person he considers his inferior.

Senator Manning: Concerning your method of financing today, you have this grant which is now in jeopardy, and you have the 35 cents an hour from the man you place. This is your only source of revenue.

Mr. Gonzales: That is right Manpower are paying—the salaries of the eleven people involved. They are paying that up until November 1.

Senator Carter: You spoke earlier about commercial agencies complaining about your activities. You quoted an excerpt from a previous witness. Apparently you are causing them some bother. What kind of relationship do you have with those people? Do you have any relationship with them at all?

Mr. Gonzales: Well, my own feeling about these private agencies is that they are simply exploiters of poor people. A few years back we had a national television debate with the Eastern regional manager of one of those organizations. At that time I said I had no argument about the

agencies operating, but, "Open your agencies in Mount Royal, Beaconsfield and Westmount, and stay out of areas like Point St. Charles and Little Bergundy where the poor people are". The only reason they come into areas like this is because there is not an available supply of manpower. They do not go to areas where people have to travel to them.

Senator Carter: Are you taking away any of their clients?

Mr. Gonzales: I hope so.

Senator Carter: That is the problem.

Mr. Gonzales: That is their problem. As far as I am concerned, we are out to be as competitive as possible. We provide an honest service to our customers. Many of our customers are big industry. We have Bell Telephone. I could mention 25 major companies which use us and are quite satisfied. We are finally getting the feeling that we are doing something that is morally right. You have to remember one thing: when we started this project, we had no budget at all for advertising, et cetera. Our whole entertainment budget in 1973 was \$57. You cannot take too many customers out to lunch on \$57 for a year. We did not advertise our services because we had no funds to do so. There were no hockey tickets or baseball tickets, which are standard things in the way of business. We managed to bring our sales up to \$600,000 per year without any of those devices.

Senator Carter: The total sales, as you refer to them, are really earnings that you have passed on to people?

Mr. Gonzales: Yes, less deductions.

Senator Carter: That is the money they have had to spend in the community?

Mr. Gonzales: Yes.

The Chairman: Senator Robichaud, I believe, has a supplementary on that.

Senator Robichaud: On that point, you want to be competitive with private companies, and you are competitive with them, but you are competitive because of the aid you receive from the Department of Manpower and Immigration. You want to compete with other companies, yet you still want that federal grant.

Mr. Gonzales: To clarify one thing, what, basically, are we doing? Are we providing a manpower service? Should Manpower be doing this? If not, what happens to all these people?

The government can come along and give us a \$100,000 grant through Outreach, or give an \$11 million grant to IBM. That \$11 million grant to IBM is not going to help the people in Point St. Charles or the surrounding area, but the \$100,000 grant it gives to us will help those people.

The Chairman: How much would the 35 cents per hour have totalled in 1974 had it been in place?

Mr. Gonzales: I cannot give you that figure, Mr. Chairman. What you could do is multiply 24,000 by 35.

Senator Hicks: Is that 24,000 hours?

The Chairman: It is 24,000 man hours, so you would have to divide 24,000 by 7.2 and multiply by 35.

Senator Carter: Mr. Gonzales, you started out in somebody's basement that you renovated and used as an office. Are you still using that facility?

Mr. Gonzales: No, we have a whole school now. I never made it through school, but I am sitting in the principal's office now.

Senator Carter: You also opened an office in east end Montreal, I understand?

Mr. Gonzales: In October, 1974, we opened a branch office in the east end. At that time we had over \$1,000 in another account belonging to Fairshare Incorporated. That money was given to us by the McConnell Foundation. The monthly rent for that branch office of the months of October, November and December was paid out of that account. Not one cent was charged to Manpower. The heat, electricity and telephone, as well as the rent, were all paid out of that account. In other words, for the three-month period that we were in the east end, all expenses were paid out of our own account. The Department of Manpower and Immigration did not agree, first of all, that we should go into another poor area and expand our service. The reason we did so, however, was that we had people coming to us from the east end of Montreal and in order to get to our office in Point St. Charles for 5:30 in the morning they had to leave their homes at a quarter to five, and on arrival at our office we would simply turn them around and send them back down to east end Montreal where the employers were. Because of that we decided to open a branch office in the east end. Bringing them out to our offices and then sending them back to east end Montreal to work was ridiculous.

Senator Carter: You say now we are in a bit of a slump and jobs are hard to find. Your line-ups are getting longer. What do you think is the future for these two operations?

Mr. Gonzales: I have given no thought whatsoever to closing the operation down after November. It is definitely necessary, as far as I am concerned, and as far as the community is concerned. We have asked Manpower for a continuing grant, such as they give to other organizations. The department provides just such a grant to Savi, which is equivalent to Travelers' Aid in Quebec, and that organization, in turn, is sending people to us. If people come in from Saint John, say, with no money and no place to live, Savi refers them to the Salvation Army and tells them to go down to Fairshare where they can pick up some money.

I think we may be able to convince the department to give us this type of grant. We have some pretty good political support from Montreal and area members of Parliament. The Honourable Mr. Allmand, for one, believes in our organization. He realizes that many ex-convicts are being provided with day-to-day jobs. These people cannot get permanent jobs just coming out of the "can." Also, the Honourable Mr. Mackasey supports our organization. As a matter of fact, he was the original endorser of the program before the Honourable Mr. Andras came on the scene. He wants to see Fairshare continue. I know our member of Parliament, who is sitting on the end, is quite interested in seeing the voters happy.

Senator Carter: The private companies in this field would claim, I think, that the federal government is putting them out of business, or trying to put them out of business, by supporting a competitor, such as your organization, with federal funds. What do you say about that?

Mr. Mell: The main thing we seem to be overlooking, senator, is that of the seven duties Fairshare contracted with the federal government, through the Manpower Division of the Department of Manpower and Immigration, to perform, six are social oriented. Only one of the duties deals with employment, that being the part-time placement bureau. As to the other six, our track record, I would say, is perfect.

The social necessity, the need, for handling these people will still exist in November. It is not only the man getting back on his feet that we help; we also catch the man who is on his way down. A man who is drinking too much, for example, and cannot hold a regular job can still work two or three days a week and pick himself up before he hits bottom.

Senator Carter: If in fact you are, for the most part, providing a social service, perhaps you should be getting funds from another department other than Manpower.

Mr. Mell: The contract with Manpower calls for these social services.

Senator Carter: But that contract will expire in November of this year.

Mr. Mell: Prior to Outreach existing, there was no Outreach. Four years ago no one could have said that Outreach will exist. It is the duty of the government to recognize needs and provide solutions. What is required here is a new solution.

Senator Carter: As I see it, the difference between you and other private employers, first of all, is the treatment. You treat people as human beings and that, you say, is distinct in itself. It is an important distinction. You also supply a number of social services, which the private companies do not, and as you operate as a non-profit organization, I gather that the take-home pay of your clients would be greater than would be paid by your competitors in this field.

The Chairman: Perhaps I could ask a question in that respect. Taking the lift truck operator as an example, I assume the \$4.50 an hour your charge your clients is competitive with that charged by private companies?

Mr. Gonzales: It is exactly the same, Mr. Chairman.

The Chairman: And you charge 35 cents an hour in respect of administration costs. That is under the new directive. Do you have any idea what the private agencies charge?

Mr. Gonzales: Let me say, first of all, that most private agencies, regardless of what Mr. Coke said last week, pay \$2.30 an hour.

The Chairman: Is that the minimum wage in Quebec?

Mr. Gonzales: Yes. If you have 10 years experience, they may pay \$2.40.

The Chairman: Even for a lift truck operator?

Mr. Gonzales: No. If we are paying \$4.50 for a lift truck operator, they would probably be paying \$2.60, or something in that area.

The Chairman: One final question. Can you tell the committee, as briefly as possible, where, in your judgment,

the Department of Manpower has fallen short in placing people in jobs?

Mr. Gonzales: Again, I do not think it is just one area; I think it is the whole bureaucracy. They have problems. The really good jobs are not at the call of Canada Manpower. They can blame the employers, but I have talked to a few employers who in turn blame Canada Manpower. I know for a fact that a lot of publicity is being given to their new job bank, but I have people who went up and looked at the job bank; they came in afterwards, talked to me, and told me they went to inquire about a job and it had been gone for two weeks, the job had already been given out.

It is very difficult. Right now I doubt if Manpower is doing a very good job because of the economic situation. I would say that if things were rosy they would be doing a good job, because they would have better jobs to offer the clients. Your labour market is supply and demand. I know for a fact that Bell Telephone came in and hired people off us with ninth grade when they were stuck. Two months later the market turned around, more people became available and they started wanting two years at CEGEP for the same job. When things were hectic as far as they were concerned they were willing to take them with ninth grade. I think Manpower's problem is a case of not having enough jobs called in. If you had a system where every employer, whenever a job became available, had to call in to Manpower, maybe that would be the answer. I cannot answer that.

The Chairman: So you think the main problem is that employers do not list the jobs with Manpower?

Mr. Gonzales: Definitely. Most of them have their own employment bureaux. They do their own interviews.

Senator Robichaud: You said most of them?

Mr. Gonzales: Yes.

Senator Robichaud: Did you mean that, most of them? Or some of them?

Mr. Gonzales: Again we are talking about employers with half-decent jobs. If you get in the textile area of something like that, where it is \$2.30, \$2.40, or \$2.50 an hour, again those jobs are offered to people in our communities, because they are the only people who have to work for those wages. I am not in any way saying that Fairshare is an answer to total unemployment problems. It isn't. All it does is provide a certain group of people with a half-decent wage for doing an honest day's work. It's simple. Whereas the private agencies are paying \$2.30 an hour.

The Chairman: I have a question from our staff, which maybe I can answer. "How much more than the current 35 cents per hour overhead is required to cover the overhead costs of 11 staff and the office?" That figure came to \$56,000 in 1974. I believe the grant, which I assume covered your overhead costs, was \$117,000. Did you have a surplus?

Mr. Mell: No.

Mr. Gonzales: The one point we have to make as far as Fairshare is concerned is that if the grant was cut we in turn would have to cut the services we provide. It is simple. Does Fairshare become semi-commercial? How can I sit in my office and be paid the salary I am being paid

right now when it is costing the men downstairs 70 cents an hour?

The Chairman: We just wanted to get that information. To come back to my question again, is there anything you are doing in Fairshare that you think, if employed by Canada Manpower, would improve their operation?

Mr. Gonzales: As far as temporary work is concerned?

The Chairman: I think at this stage you have given a lot of information on temporary placements. We are a little more interested in permanent placements in respect of that question.

Mr. Gonzales: Most of the permanent placements that evolve out of Fairshare are a case of a person being employed on a temporary basis with a certain employer, and we sell this to the employer. We say, "Look, you are looking for a driver. We'll send you one. Hire him for a couple of days and if this guy is doing a good job for you, hire him permanently. We don't care." It is a pain in the neck sometimes, because during peak summer months we may replace as many as five to ten drivers per week, because that is when all the cartage companies are desperate for drivers. We in turn have to go through calling new guys in and so on. But that's what we are there for, to place these guys on a permanent basis. We must be providing some type of service for the number of people we have come in, that's for sure. There is one other thing. You know, I am not trying to run this committee.

Senator Robichaud: I think you could.

Mr. Gonzales: Last week, Mr. Coke gave an example:

If we as an industry had to charge, just to use a number, \$4 an hour and pay \$3 an hour while they were paying \$3 an hour and billing that service out of the client at, for example, \$3.25 an hour, the mandatory contributions only would be in excess of 36 cents.

We know for a fact that we pay 18 cents per hour on this figure, as far as UIC, QPP and Quebec Medicare is concerned. We have been recognized by the provincial governments in Quebec as a co-operative, so we don't pay 4 per cent compensation. We have an advantage right there of 16 cents an hour over the private agencies, because we pay 1/10 of 1 per cent per year compensation, whereas a private agency would have to pay right now 16 cents per hour compensation to the provincial government. We also are a manpower centre recognized by the provincial government, and this permit was the first permit issued in five years. A lot of these private companies operating in Quebec right now have not got a permit to operate. If they came in after 1964 they have no permit to operate. It took us over a year to get that permit, and we eventually had Bourassa's intervention to get it. We put political pressure on the Quebec representative to get it. If you compare us with most private agencies we have a manpower permit to operate; most of them don't.

Senator Carter: I should like to ask a supplementary question. You talk about your social services. You have seven services and six of the seven are socially oriented. Have you compiled any costs of your social services? What does it cost you to provide these social services?

Mr. Mell: I think Mike almost answered that before, in that he said if it became completely commercialized he could operate it with five people, so it would be six-elev-

enths of the current budget that is almost tied up in socially oriented services.

The Chairman: So the 35 cents an hour just about covers your direct overhead costs attributable to the temporary employment. Out of the \$117,000 it is about 50 per cent and you are talking about six-elevenths; five and a half elevenths as against six-elevenths. Are there any further questions?

Senator Carter: Suppose your grant from Manpower runs out in November, or they may cut you down drastically, say to only about 10 per cent of what you started out with. You spoke about operating as a co-operative, or being recognized as a co-operative. Would it be possible for you to make a contract with the provincial government for the social services you are providing? The provincial government could then recover 50 per cent of that through the Canada Assistance Plan, for the very kind of work you are doing.

Mr. Mell: The provincial government is already involved with four people completely on the social aspect under the "Return to Normal Life" project.

Senator Carter: You are doing that work?

Mr. Gonzales: Definitely, they are in our office.

Senator Carter: They are doing it right in your office?

Mr. Mell: Yes.

Mr. Gonzales: Right. We have three part-time social workers who visit families. That is under the "Return to Normal Life" project also.

Senator Manning: Is this in addition to the eleven you are talking about?

Mr. Mell: Yes. They are not concerned with the employment schedule. They get the flow-back. The problems are located, then the follow-up is done through the "Return to Normal Life," and case aids through the social service centre.

Senator Carter: But that is worth something to the provincial government. Could you not contract that service out to them? They could get back 50 per cent of it anyway through the Canada Assistance Plan.

Mr. Gonzales: Right. There is a program that we are now studying. It is called "Work Activity Program". It is financed by the Department of Health and Welfare. Steve has been out to Winnipeg and been shown how the project works out there. But again this takes a hell of a lot of time to organize. What we seem to be doing with all our time is going from department to department. Whether or not the project is good or bad, it is there in black and white as a project worth having. If you are willing to provide the services, go ahead. We have always said that if they want to do that they can close us down. They can compare our services with theirs. I can tell you in no way can the comparison come close.

Senator Carter: It is really not a Manpower service, it is a social service, coming under welfare?

The Chairman: It is a combination of two things.

Senator Carter: Only insofar as one supplements the other.

Mr. Gonzales: We have welfare people come in occasionally. You realize that welfare people are entitled to earn a certain amount of money aside from what they get from welfare itself. They come in, and they have no skills or they may have one skill. A man may have a big family and has to supplement his income. Welfare provides him with a certain amount of money but if he has eleven children they may give him up to \$500 a month in welfare. Still he has to feed those eleven children and it takes a lot of money as they eat and eat. To get the extra funds he comes to Fairshare to earn what is permitted by the welfare department. He prefers to earn in that way rather than go from church to church with his hand out saying he needs an order. You may ask why he would not work the whole month instead of getting welfare. In some cases with that type of family he would get less if he worked entirely for Fairshare. So he supplements his income with us.

You ask why it costs so much to operate Fairshare. We supply our statistics to government departments including the City of Ottawa, the Unemployment Insurance people and our costs are non-existent as compared with those of private companies.

If you work for Fairshare and are sent by the welfare department itself, that is registered in a book and each week we send them a copy of how many hours you put in and how much money you have earned. There is no way you can work for Fairshare and collect welfare. That is, above the amount you are entitled to earn. You cannot collect unemployment insurance and work for Fairshare.

That kind of thing happens all the time at private agencies. If you go to the welfare department and say this guy

is working in a certain industrial company, they cannot do anything about it. We know he is working there but what can we do. In many cases it is fictitious names and fictitious numbers.

Senator Carter: You said that a person with a large family could not earn in industry enough to support that family, or even get as much as he would get on welfare, and so he accepts the welfare payment, for them to assist his family, from the provincial government, and then he goes to Fairshare to supplement his income up to the amount permitted by the provincial government without any reduction in welfare?

Mr. Gonzales: That is right.

Senator Manning: In regard to the school you now use, do you have to rent it?

Mr. Gonzales: We pay \$1 a year for the school and \$5,800 for heat and light. It is a big school.

The Chairman: Honourable senators, I would like to thank Mr. Mell, Mr. Gonzales and Mr. Reynolds for their appearance today. I might say to Mr. Gonzales that we have had our fair share of high priced lawyers who charge big fees to their clients. Those lawyers come before us but I do not know I remember any one who did as good a job as you did. Thank you very much.

The committee adjourned.



FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

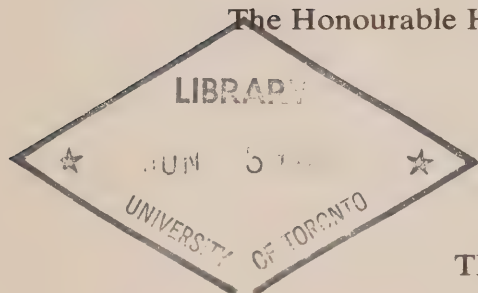
THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*



Issue No. 16

THURSDAY APRIL 24, 1975

Eleventh Proceedings

The examination of the Estimates of the Manpower Division
of the Department of Manpower and Immigration for the
fiscal year ending the 31st of March, 1975

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON NATIONAL
FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow,
Deputy Chairman.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Thursday, April 24th, 1975

(11) . . . (16)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 9:00 a.m.

Present: The Honourable Senators Everett (*Chairman*), Carter, Grosart, Manning, Neiman and Robichaud (6).

Present but not members of the Committee: The Honourable Senator Macdonald.

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

Dr. Stefan Dupre
Professor of Political Economy
University of Toronto and
Chairman of the Ontario Council on
University Affairs

Mr. D. Toupin
Director General, Manpower Client
Services, Department of Manpower and
Immigration

In attendance:

Mr. J. H. M. Cocks, Director of Administration,
Mrs. Barbara Reynolds, Research Branch, Library of
Parliament;
Mrs. Helen Small, Parliamentary Centre.

At 12:10 p.m. the Committee adjourned until 3:30 p.m.,
May 1st, 1975.

ATTEST:

Georges A. Coderre
Clerk of the Committee.

The Standing Senate Committee on National Finance

Evidence

Ottawa, Thursday, April 24, 1975.

The Standing Senate Committee on National Finance met this day at 9 a.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Douglas D. Everett (*Chairman*) in the Chair.

The Chairman: Honourable senators, before commencing our hearing this morning on the Manpower Division of Canada Manpower, I should give you notice of next week's meetings. At 3:30 p.m. on Wednesday we propose to have Mr. Charles Caccia, member of Parliament for Davenport. The Honourable Mr. Caccia will be speaking to the committee on the role of the CMCs and a program of training for people in need. He has made a fairly detailed study on some of the problems involved, and I think it is quite probable that his comments will be of interest to the committee.

On Thursday at 9:30 a.m. we will have Dr. André Raynauld, Chairman, Economic Council of Canada.

Senator Grosart: Mr. Chairman, has anyone raised the question of the propriety of a member of Parliament, other than a minister, coming before a committee of the Senate?

The Chairman: I did check into that with the administration, and the answer I received was that it was entirely up to the committee. I thought very long on the subject and I had several discussions with Mr. Caccia, and I came to the conclusion that it would be useful to the committee to hear from him. So far as I know, there is no bar.

Senator Grosart: I realize there is no bar, Mr. Chairman. It is a question of propriety. My own view is that members of Parliament should not use our committees as a forum to air their views. I know this reservation has been made in one other committee. In fact, that committee refused to hear members of Parliament.

The Chairman: Of course, he does have a problem with his own administration. If a senator is invited to appear before a committee of the other place, permission of the Senate has to be obtained. Presumably, the Honourable Mr. Caccia will have to get permission of the Commons to appear before our committee.

Senator Grosart: I am not objecting to this person giving evidence before the committee; I know him very well; he is a good friend of mine.

The Chairman: Honourable senators, we are honoured to have with us this morning Dr. Stefan Dupré, Chairman of the Ontario Council on University Affairs. Dr.

Dupré is a graduate of Harvard University, and up until last July he was Chairman of the Department of Political Economy at the University of Toronto. He joined that department in 1963, and in 1966 became Director of the Centre for Urban and Community Studies. He was Editing Director for the Ontario Committee on Taxation from 1964 to 1967, and a member of the Ontario Civil Service Arbitration Board from 1965 to 1968. Also in 1967-68 he was a member of the Science Council of Canada—Canada Council Study Group on Federal Support of University Research. He is currently a member of the National Research Council and a Director of the Bureau of Municipal Research in Toronto.

In connection with his appearance this morning, you have two documents, one being background notes for this meeting with Dr. Dupré prepared by our staff and the second being a précis of a publication by Dr. Dupré entitled "Federalism and Policy Development: The Case of Adult Occupational Training in Ontario."

I believe Dr. Dupré has an opening statement and, with your permission, I will ask him to proceed.

Dr. Stefan Dupré, Professor of Political Economy, University of Toronto: Mr. Chairman, honourable senators, it is indeed a pleasure and a privilege to appear before you this morning. As you have pointed out Mr. Chairman, I believe I owe this appearance to the fact that I have recently co-authored a volume on adult occupational training. I might point out that this is the second time I have been privileged to appear before a committee of the Senate of Canada. My previous appearance, which was before the Special Committee of the Senate on Science Policy, chaired by Senator Lamontagne, arose from my co-authorship of another volume, one dealing with the federal support of research in Canadian universities.

You might be interested to learn that no other legislative body at any level of government in any country has ever honoured me with an invitation to appear because of my writings. That the Senate of Canada has done so twice indicates that the literary tastes of honourable senators and their staff either run to books about obscure irrelevance or favour volumes of outstanding merit.

The Chairman: We can assure you it is the latter.

Dr. Dupré: Naturally, I personally believe that the latter is the case. Let me say that to the extent that Senate reform continues to be a recurring theme in Canadian history, you can count on me always to say that if there is anything that is not in need of reform it is the literary tastes of the Senate.

I have had the benefit of reading some of the testimony you have received so far, and among other things

I have observed the wise injunction of the Minister of Manpower and Immigration, the Honourable Robert Andras, that in reviewing the activities of his department you should, "Look at our performance today and our good intentions for the future rather than simply looking at the past."

The work on which my book is based involved a searching look at Manpower activities, with particular regard to adult occupational training in Ontario during the years 1969 through 1972. These years now belong to the past. Bearing this in mind, it seems to me that I can best serve you by referring to certain selected findings, not so much with respect to the past record of the department, but instead with an eye to some of the questions that they raise, and that indeed they might raise in your minds about the present and the future.

May I say, incidentally, that I am indebted to one of your staff associates, Mr. Peter Dobell, for three principal headings, to which I shall address myself in my opening remarks. Mr. Dobell was kind enough to suggest that I might concentrate on: (1) manpower training objectives; (2) the adequacy of counselling services; and (3) the prevailing climate in federal-provincial relations generally as they bear on manpower training and manpower services.

Let me begin, if I may, with a few remarks under the heading of training objectives. The Economic Council of Canada, in its 1971 Annual Review, examined the manpower training program then in operation, which is of course substantially the same program as the one that operates at present. The Economic Council of Canada believed that it could identify economic growth as the clearly primary objective of manpower training. To the extent that there were secondary objectives in manpower training, these were seen to be objectives of equity leading to a redistribution of income, and also objectives of stability, by which was meant that training was used either to help resolve certain problems at the inflationary peak of the cycle or in a recessionary downturn.

I think that the Economic Council of Canada in identifying these objectives—and it was quite clear that growth was the primary objective, and that equity and stability were secondary objectives—was basically correct in interpreting the original intentions of the Government of Canada when it launched occupational training in 1967. In reading the testimony that you have received so far, I must frankly say that I fail to detect that any such clear-cut notion of objectives in manpower training is being put forward by the representatives of the Department of Manpower and Immigration to whom you have been speaking this month. Among other things, I observe that the minister has placed some considerable emphasis on the use of training, as he puts it, to help "the hard core unemployed." His associates have referred to the development of Canada Manpower services for people "with very severe unemployment problems." His associates have also referred to Manpower counsellors who specialize in "the more disadvantaged people, the poor people."

It has been pointed out to you by the witnesses you have heard that adult training is labour market oriented training. But this tag aside, as I read the testimony you have received, the impression that comes through

to me is quite clearly that the tendency in the development of counselling and training programs is plainly in the direction of broad human resource development that, if you will, lumps growth, stability and equity objectives together.

The research I did with my colleagues in developing our own study documents that with respect to training this kind of development was plainly on the way during the years 1969 to 1972. The rather clear-cut objectives that the federal government had enunciated at the time of the creation of its manpower training program were increasingly being down-played in favour of a much broader approach to the use of manpower training. This may mean to some observers that the Government of Canada has become fuzzy-minded with respect to training objectives, and some observers might feel that this is an unfortunate thing. I would like to suggest to you this morning that perhaps this is a good thing, and that it is a good thing because it respects reality. The state of the art to the point where training can really be used to meet precisely anticipated job openings. To that extent, the capacity of training needed to serve an economic growth objective primarily is bound to continue to remain circumscribed.

There is a second reason why I believe that fuzziness, this notion that training at best must serve a variety of objectives without too much hard questioning on which one, is a good thing. It is that the communities' needs for training simply vary enormously. This is true not only from province to province but as much, and perhaps even more, from community to community within individual provinces.

In terms of my own experience, one of the most enlightening things my study did for me was to take me to Canada Manpower Centres in Ontario, stretching from Hawkesbury right through to Kenora. The overwhelming diversity in community needs that this kind of broad sweeping visit impresses upon one is a real experience in what this country is all about. For example, there is undoubtedly far more difference between Prince Edward County in Ontario and Toronto than there is between Prince Edward Island and Ontario. When you have this kind of arresting community diversity, the danger in becoming really precise in the objectives that training is supposed to serve is that these precise objectives are going to be laid down in a federal or provincial capital, and, if they are truly precisely laid down, quite possibly they will become an undesirable straitjacket.

A part of the story I tell in my book is that of how Manpower Centres, in order to meet community needs, exercised substantial ingenuity to, if you will, circumvent some of the more precise-sounding objectives emanating from headquarters in Ottawa in the early days of manpower training after 1967.

Senator Robichaud: Can you give us an example of this circumvention?

Dr. Dupré: Perhaps I could begin to answer your question, senator, by citing the example of the manager of a Canada Manpower Centre in what would be judged an economically-deprived community in Ontario. This happened to be a Canada Manpower Centre manager who read the federal statement of objectives as gospel and acted accordingly. This manager seldom recom-

mended training for any of his clients. He was, of course, in an economically-deprived area and he explained that since he had few job vacancies—there were few jobs in that area—and few motivated clients, it would be a waste of public funds to counsel much training. This manager, I think, was grasping quite well the objective of growth-oriented training which headquarters was communicating at that time. For him to have used training funds would have been for him to serve an equity or income redistribution objective. That was at best only a secondary objective to be served, and this manager was, therefore, concluding that since there were few jobs in the area and since what clients he had were poorly motivated there would be virtually no growth payoff from training.

The Chairman: Presumably, he also rejected the stability goal as well.

Dr. Dupré: We did not get into that, Mr. Chairman.

The Chairman: It would just seem to follow that the only route open to him would have been the equity route.

Dr. Dupré: In my admittedly impressionistic knowledge of this particular area, Mr. Chairman, I would say that, it being a generally depressed area, whatever particular phase of the business cycle you might be in, provincially or nationally, it would not necessarily improve adverse conditions there.

The Chairman: No.

Dr. Dupré: On the other hand, to pursue my answer to your question, Senator Robichaud, I found other CMC counsellors and managers in other communities in Ontario who had a very broad approach, an open-door approach, to training, stipulated objectives notwithstanding. Once a Canada Manpower Centre manager went so far as to admit to us that exposure to basic training for skill development—this, as honourable senators may know, is basically a high school makeup portion of Manpower training—has a positive influence on the motivation of clientele. This, he told us, “has broadened our perspective on the use of BTSD and we are moving towards the position of using BTSD as a motivational tool, even though there may be no apparent economic payoff in the immediate offing.”

I may say that yet another CMC manager with similar views repudiated the federal commitment to short-term job oriented training and volunteered that a great many of his clients required educational upgrading before they were even able to make any kind of a rational occupational choice. There are a couple of other managers who basically stated that as far as they were concerned simple educability of a client was to them a more important criterion in purchasing a training course for him than the prospect of job placement afterwards.

So your question, senator—for which I thank you most warmly—has enabled me to document a little bit what I meant by my second point, which was that community needs for training vary tremendously from community to community. To the extent that Canada Manpower Centres are indeed supposed to be community placement agencies, saddling them with precise training objectives, from Ottawa or Queen's Park or anywhere else, can simply put them in a quite undesirable strait-jacket with respect to serving the community.

So what I am saying at this point sounds, I guess, like the following plea, that fuzziness in training objectives may be a good thing, and if that is the way you are reading me I am being correctly heard.

Let me now, if I might, Mr. Chairman, put the following thought to you. Perhaps, rather than seeking clear objectives in manpower training, you should consider searching for clear objectives for the Canada Manpower Centres. If you will permit me to give you my prescription; ask less what training must do to meet specific objectives, and ask more what you can do to help CMCs meet specific objectives.

Senator Grosart: Excuse me, who is the “you” in that context?

Dr. Dupré: The honourable members of this committee who are now studying this problem.

Senator Grosart: I see.

Dr. Dupré: CMCs, whatever else they may do, remain a placement agency. I believe that my study does raise any of a number of instances of goal displacement that have detracted from the CMC role as a placement agency.

The Economic Council of Canada had the same opinion in its Eighth Report in 1971. It emphasized that CMSSs should concentrate on communicating extensive labour market information, with much less emphasis on the personal problems of clients.

My own study indicated that to the extent that counselling was related to placing a client in training or giving him other services designed to overcome serious placement problems, it very definitely reduced the capacity of CMC personnel to be fully informed about the labour market, especially about the demand side of the labour market, to be fully informed, in other words, about employers and their intentions.

At the time I did my study, Canada Manpower Centres in Ontario tended to be organized under one of two alternative models. One was the so-called occupational model of organization whereby counsellors specialized in providing clients with information on different categories of occupation. And in these CMCs, what I observed was that while the counsellors could not serve the client with personal problems all that adequately, they were far better at overcoming placement problems as opposed to personal problems of clients, because of their knowledge both of immediate job opportunities within the occupations in which they specialized, and their knowledge, too, of long-term prospects in those occupations—which were of help in placing people without serious problems in training.

The alternative model of CMC organization in Ontario was what I would call the counselling model. Counsellors were organized according to whether they provided so-called primary or quick referral counselling; secondary counselling, which would involve counselling in some depth for training and related services; and tertiary counselling, those counsellors specializing in clients with considerable personal problems.

From reading the testimony you have received, I detect that to some extent the occupational model of

CMC organization is becoming more predominant, and I think that this certainly deserves to be encouraged.

The Chairman: If I have got this right, that would be inclining more to the Economic Council's concept of what it should be.

Dr. Dupré: It certainly would be emphasizing the role of the CMC as a placement agency.

As to the objectives that training can serve, I believe that these can and should remain fuzzy, and in this sense, one question that you can well ask is with regard to the extent to which the CMCs, as public placement centres, should also have such a major role in placing clients in training.

When, for the sake of the argument, I push this thing to the wall in the conclusion of my book—and of course, in conclusions I always believe in either leaving people laughing at me or leaving them with something to think about, either of which may be a good thing—I suggest the thought that quite possibly, in that the federal Manpower agency is primarily for placement, there is in fact room for another kind of manpower agency, a provincial manpower agency, which would be oriented towards other kinds of labour market services, especially those that have objectives that are, if I may use the term, "loosey-goosey"—

The Chairman: Now you are getting below our literary level.

Dr. Dupré: —in that they can only be pursued in the context of an agency that is oriented towards a variety of social problems, of which, the more severe kinds of labour market problems are only one kind of manifestation.

The Chairman: Do you have a generic term for that kind of agency work, if you call the one kind "placement agency"? Is there a term that would apply to the second form of agency—other than "loosey-goosey"?

Dr. Dupré: I have not coined one, but I would put this to you, that an agency with the objectives that I see might be called, in Ontario, an Ontario Manpower Centre. For all I know, this may involve an existing division of labour, but it could be encouraged between CMCs and the Centres de Main-d'œuvre du Québec in Quebec. What I have in mind is a provincial manpower agency that is oriented primarily towards counselling and training, and other kinds of personal services.

The Chairman: With emphasis on the disadvantaged, I assume.

Dr. Dupré: With, of course, emphasis on individuals who have, among other things, severe labour market problems.

The Chairman: So, to put them in as succinct, generic terms as we can, one would be a placement agency and the other would be a counselling agency.

Dr. Dupré: That, I think, is a very good, straightforward way of putting it.

Senator Carter: I am not quite clear, Mr. Chairman. Is Dr. Dupré saying that the federal people should get out of training? That the federal government should get away from training altogether?

Dr. Dupré: you mentioned two functions: one was a placement function, and the other a counselling function. I gather from what you said that these functions could very well be performed by a provincial agency. Where does that leave the federal government?

Dr. Dupré: I suggest, again, in the conclusion to my book, that the federal government might well consider getting out of training, save where the economic circumstances clearly dictate the training that would be designed to meet a stability objective.

Senator Grosart: Would that not be everywhere?

The Chairman: No. I can understand that it might not be, in that if there were a placement agency there could be training that was related purely and simply to improvement of the job skills of those who need a minimum amount of counselling. I suppose that is what you would say, is it, Dr. Dupré?

Dr. Dupré: Yes. I would say that, Mr. Chairman. The other thing, of course, that I have in mind, is that in a severe recession or depression, training for stability can be looked upon as an alternative form of income support, the pay-off of which is quite probably greater than a simple transfer payment that keeps an individual at home. I have in mind the capacity of the federal government, with its overriding responsibility for countering the business cycle, to pump in the kinds of funds from time to time that might be dictated by economic circumstances.

Senator Grosart: You have made two distinctions. You spoke of an occupational model and a counselling model, and then, in the second round, you seemed to agree that we might call them, to use the terms generically, "placement counselling". Would the placement model be the same as an occupational model?

Dr. Dupré: A placement agency should probably be organized, in terms of counselling, as an occupational model, and indeed, some of the testimony you have received from Manpower and Immigration, as I read it, creates the impression in my mind that they are themselves moving in this direction quite substantially.

Senator Grosart: Well, in this choice of emphasis between the occupational and the counselling model, would you agree that the major problem of manpower job matching is the unpredictability of the labour market, rather than the predictability?

Dr. Dupré: Absolutely, senator.

Senator Grosart: Well, then, why this very heavy emphasis on job market information? What I am suggesting is that unemployment is the main problem. The second problem, of course, is the wrong kind of employment for any particular kind of individual. Surely, however, this problem arises almost entirely when you have a job market situation which was impossible to predict. What I am really asking you is, what are the possibilities of any kind of accurate job market/labour market information over any extended period of time? I say that because if anybody had sat down two years ago and tried to predict the job market problems of today they would have been out by a country mile. That

is not suggesting a two-year forecast. I am aware of the Economic Council's very strong emphasis, but it did not make sense to me and it still does not.

Dr. Dupré: I would suggest, senator, that if you are suggesting that to push job market information in quest of really being able to anticipate job openings in precise occupations one year from now, or two years from now, this is really pushing job market information in search of a Holy Grail which if you are an optimist, the state of the art might permit in 10 years or more. However, in my opinion, if you are going to be more realistic, it probably will not permit even in ten years. This, however, does not absolve you from the tremendous importance of pushing job market information. That is because we need to develop job market information in terms of what kinds of jobs are available now. Of course, it is in this sense, in my opinion, that the capacity of Canada Manpower centres and of Canada Manpower counsellors to develop strong community contacts with employers is *sine qua non* if better job market information for jobs that are available now is to be developed.

Senator Grosart: I do not quite understand that, because it seems to me that the obligation here—an obligation which, in my opinion, is really well met—for those who have job openings, is to make it clear that they are there. I have never heard of a situation in which you say, "We do not know what jobs are available." Perhaps you would clarify that? It seems to me a simple thing. You know who is employing workers, when they are laid off; you can read the newspapers, the want ads and so forth. What is the problem in relation to this? Where is the obscurity in the information as to jobs available?

Dr. Dupré: In my opinion, the answer, senator, is that there is a problem in communicating information to job seekers when jobs are in fact open. Now, as to why this is so, we can speculate endlessly, as so many editorial writers in this country have done. However, we do know as newspaper readers that catalogues of horror shows, if you like to call them that, are reported in the press from time to time of employers complaining that they have all these jobs that they cannot fill, at the same time placement agencies very often with job seekers on their hands, the unemployment rate higher than it should be, and so on and so forth.

Senator Grosart: There are two distinct factors in this: one is the problem of matching available skills to jobs; the other, as I understand your comment, is the difficulty in identifying job openings. Are you really speaking of the problem of labour mobility?

Dr. Dupré: I think that there is a problem both in terms of conveying job information and in terms of job matching.

The Chairman: Are you referring to the specific problem of job vacancies at any particular point in time, versus job seekers; or were you referring more to the forecasting of probable job vacancies in various occupations in various regions, on which the training purchases might be based?

Senator Grosart: I made my comment on the latter, Mr. Chairman, by questioning the likely validity of futures job information data. If I understood the witness,

he was referring specifically to that problem and it is to that that my question is directed.

Dr. Dupré: We are entirely in agreement with you with respect to the futures problem, senator. That is why, indeed, I believe that fuzziness in training objectives is a good thing, because we are so hopelessly fuzzy as to job openings one or more years down the pipe.

Senator Grosart: Would you not think that "flexibility" would be a better term than "fuzziness"? It is the first time I have heard a distinguished academic come out strongly in favour of fuzziness in government policy.

Dr. Dupré: One of my great problems, senator, is that my specialized field is public administration. In public administration the term "flexibility", if I may say so, is so often used as a synonym for "fuzziness" that I prefer to go to the straight thing and sometimes say that that can be good.

Senator Grosart: I would doubt if you would make that choice if you were discussing an academic year to go ahead.

Senator Neiman: If I understood the doctor correctly, he is recommending that we really turn over to provincial management the functions of training and counselling. However, it seems to me that, again if I understand what we have heard from Dr. Dupré and previous witnesses, he is not too far away from what we actually do in so far as training is concerned now. Your recommendations are not too far different, because in fact, are we not really purchasing training? That is the predominant way of going about the training function under CMC and when you speak in terms of stability these are, in fact, the other miscellaneous programs that we have from time to time, such as LIP and Outreach. Therefore you are really saying that it is the counselling functions, to a great extent, that should definitely be transferred to provincial management.

Dr. Dupré: Well, now, senator, I hope you will forgive me if my answer is rather long. For a start we must be very, very careful with respect to what we understand when we say that the Government of Canada is purchasing training. The Government of Canada was certainly going to purchase training in its original design. That was the Adult Occupational Training program as it came forward in 1967. The Government of Canada had in mind a situation in which a client with a training need would be identified. Then a suitable course would be purchased on his behalf from a training institution, which could be a provincial training institution, a local school board, a private school, or a business college. The story of Adult Occupational Training in Ontario is the story of visceral provincial reaction to this design. That reaction was occasioned in no small part by two factors: The first was that Ontario was a very advanced province in terms of having created an institutional network of adult training agencies known, of course, as the Colleges of Applied Arts and Technology. A good part of their function is precisely to deliver adult training. Secondly, a situation prevailed in Ontario in which the institutional training agencies in place were very much under the control of provincial officials who were professional educationalists by training. By this I mean people who have

had formal training in teachers' colleges, colleges of education, principals' courses and so on and so forth.

The kind of background that such people have is one, of course, that overwhelmingly orients them toward a very broad approach to what training is for, indeed, the broadest possible kinds of approach—namely, the development of whole men and women; anything but the creation of square pegs to be fitted into economically determined square holes—or, if you will, individual trades or a particular job for which they have been trained.

The combination of a large institutional network in place, that had to be nourished with students, along with a philosophical orientation that was 180 degrees removed from the federal government's original growth orientation and training, produced a situation whereby basically what happened was that the provincial government interposed itself between the would-be federal purchaser and the would-be sellers or producers of training.

This interposition is something that was called by Ontario officials a position of exclusive broker. In purchasing training, therefore, the federal government is denied access to sellers and can only purchase what the broker is willing to offer.

One thing that is worthy of note is that the provincial exclusive broker has never preferred private training school courses *per se*. But to give you the gist of the story that I tell about the fate of a purchaser under exclusive brokerage, what happens to a purchaser is that he is denied direct access to sellers; he is denied the kind of information that would enable him to gauge the relative effectiveness of different training agencies in providing different kinds of training courses; he is therefore denied a capacity to choose among potentially competing sellers, and he is further denied even a firm notion of what the training in each institution is going to cost.

He finally does discover what the training in each institution costs, but only after the audit function in any given year has been completed—and this, of course, is anywhere from two to three years after the year in which he has tried to negotiate his purchases.

It is a fair judgment that the exclusive brokerage system, by denying the purchaser so much information, pushed the purchaser to a point where he decided that an arm's length relationship—a buyer-broker relationship, if you will—was undesirable, since the broker could deny so much information so effectively.

Pushed into this position, the purchaser more and more got into the business of a joint determination with the broker as to what kind or what volume of training might be purchased in any given year. At least that way the purchaser would have some idea of exactly what global costs were involved, although, of course, he had lost any of the capacity of the purchaser to let competition among sellers determine the price that he pays. Of course, the upshot is one whereby what I suggested might have been called an intergovernmental marketplace—a marketplace between a federal purchaser and a provincial broker—was in essence denied.

Senator Grosart: Excuse me—

Dr. Dupré: If I might just finish, senator. Instead of a marketplace, you have a committee—a Manpower

Needs Committee—and on this committee basically you have the same kind of negotiation going on as you do when you have federal-provincial shared costs or conditional grant programs; the only difference really being that in this particular shared-cost program the Government of Canada pays 100 per cent.

Senator Grosart: I was going to ask, where do you make the distinction between the broker and the seller in this context? It seems to me they are the same person.

Dr. Dupré: The sellers of institutional training in Ontario are primarily—indeed, almost exclusively—the colleges of applied arts and technology, of which, as you know, there are over 20.

Senator Grosart: That is the provincial government.

Dr. Dupré: These are crown agencies of the Government of Ontario. The relationship between the exclusive broker and the seller is one whereby the broker, rather than simply representing so-called willing sellers—

Senator Grosart: Who is the broker?

Dr. Dupré: The broker is basically the applied arts and technology branch of the ministry of colleges and universities.

Senator Grosart: He is also the seller.

Dr. Dupré: No. As it turns out, the exclusive broker, yes, does become the *de facto* seller by denying the producers of training—namely the colleges of applied arts and technology—to come forward themselves directly to deal with the purchaser on the basis of the quality and price of the training they have to offer. In that sense, senator, you are right. The exclusive broker, if you will, becomes a monopoly seller.

Senator Neiman: And the other potential sellers or providers of training within the province are denied any opportunity to participate.

Dr. Dupré: The exclusive broker can, of course, rule out, for example, private schools, and effectively has done so, by not offering any of their products for sale.

Senator Neiman: He takes the whole package and designates which of his minions will get so much of the pot.

Dr. Dupré: That is correct. He also does this, if I may add, not necessarily on the basis of how much individual minions, as you call them, are willing to sell; he tends to do this instead at least as much in terms of his preconceived notion of how much adult training should be in each of his institutions.

Senator Grosart: He is really a sales manager. I am speaking of the *de facto* situation. He has 20 stores. He decides what merchandise will go in each store. I do not see anything wrong with it. That is why I do not understand the use of this term "exclusive brokerage." He is not a broker at all. You say that at the present time there is a low emphasis on the private, and that is not the point I am arguing at all. If at the moment the province provides the property I do not see why you use the term "exclusive brokers." As a matter of

fact, I have reached the conclusion in these hearings that the use of the terms "purchaser" and "seller"—as part of the essential part of the problem to describe the relationship between the federal government and the provincial government, with identical interests generally speaking as purchaser and seller—is distorting the whole relationship. If this is the jargon of the business, I seriously think it should be changed. I would like you to stop talking about purchasers and sellers and brokers. We are taking terminology from an entirely different semantic context and are trying to apply that, I think, just to be clever—and I am not criticizing you because I know this is the current jargon—but it is worth reflecting as to whether it is contributing to the problem rather than minimizing it.

Dr. Dupré: May I say, sir, that insofar as you have come to the conclusion that to describe the process as a purchase-sale relationship creates a wrong impression, then I am entirely in agreement with you.

Senator Grosart: I thought you would be.

Dr. Dupré: The process that I am describing is one whereby what was quite plainly intended by the federal government as a system in which the use of the terms "buyer" and "seller" would make sense, and accurately describe what is going on, over time evolved into something that is entirely different and that indeed involves inter-governmental consultation that is far more characteristic of shared cost programs than any kind of buyer-seller operations.

Senator Manning: Doctor, while you are discussing this matter of training, would you comment on the role you see for in-service training versus institutional training? What has been said so far relates almost exclusively to purchasing training, adult training, from various other educational institutions. What role do you see there should be, particularly in technical and industrial areas, for in-service training, perhaps with government financial assistance, the training that is provided by the actual industry?

Dr. Dupré: You are referring to on-the-job training, different kinds of training in industry, and so on and so forth?

Senator Manning: Yes.

Dr. Dupré: The Economic Council of Canada, as you know, remarked that the volume of industrial as opposed to institutional training in Canada was very low. As to why this was the case at the time the Economic Council looked at it, one reason had to be precisely with the success of exclusive brokerage, if I may call it that, in saddling the would-be buyer with certain kinds of conditions. A very important condition that still obtains in federal-provincial dealings in manpower training is that the federal government is bound to make, in any given year, 90 per cent of the institutional purchases it made in the previous year. Given, therefore, whatever global amounts are allocated for training to the Department of Manpower and Immigration, there is relatively flexibility that the minister can exercise in terms of putting additional funds into industrial training.

Senator Manning: That is one of the points I am getting at. Is that a sound policy, or should consideration

be given to a greater role for in-service training and greater government financial assistance for it? You are familiar, I am sure, for example, with the quite broad experience in Japan, where a very large amount of industrial training is in-service training with government aid, and it is very successful. I know that the thing that impressed me about that approach was, first, the very strong case that could be made about practicability. In other words, the industry trains the individual for the particular environment and circumstance in which he is going to work. This has disadvantages as well, but it enables them to cut off what you might call a lot of frills, which have no advantage to that particular type of employment, and concentrate on it, which makes the training very practicable.

Secondly, from the standpoint of economics, in their experience, as I understand it, it has proven very effective. I can recall Japanese businessmen in industry, for example, making a comparison between millions of dollars of capital expenditure required in technical institutes and colleges to provide something comparable to industry for the training of students. As these men said to me, "Why would you do that, when we have to have this equipment in the industry to produce the product anyway and we can use the same equipment for the training of the men instead of duplicating the cost?"

The economics certainly leans heavily in his favour and it has puzzled me why not. I am not criticizing what has been done, but I think we have fallen down in not giving a greater role to in-service training with government aid. I wonder if you have reached the same conclusion on that?

Dr. Dupré: I think there are many who share your opinion, and I myself do, in a general sort of way, although my own studies have not really taken me into the broad question of why there is not more industrial training in Canada. Distortions arising from federal-provincial relations aside, why could there not be more industrial training? As I say, I myself have not studied this question very carefully. I can only offer perhaps the following speculation. We often in this country ask another question, which is, why is there not a greater volume of industrial research and development; why is it, when you make international comparisons, that Canada has so much more R & D proportionately conducted in universities and government establishments than in industry? One of the stock answers to explain this phenomenon is basically the structure of the Canadian economy, the number of branch plants, the number of plants with short production runs, the number of relatively small firms and establishments. In terms of sheer speculation, I would certainly pose the question which might well be pursued, as to whether or not one reason why there is a lower volume of industrial training in Canada, is that the industrial structure gives you an insufficient number of relatively large firms that can devote themselves, with government assistance, to training.

Senator Grosart: It is said that one of the objections to on-the-job training is that it tends to lock the worker into one industry at a time when there is such strong insistence in the newer element in the labour force on job mobility or experimentation to select the kind of job they want. That is a criticism that has been made.

The other one, as I understand it, is that employers are not very enthusiastic to get into on-the-job training—plus the fact, of course, that there is perhaps a spin-off from that, in that Manpower has allocated a very small proportion of its funds to this. What is the relationship between these three elements?

Dr. Dupré: I am afraid I really cannot enlighten you very much on that, senator, save to observe that your second reason, namely that employers do not seem to be that enthusiastic about industrial training in Canada, may relate to our industrial structure, characterized, as it is, by branch plants, relatively short production runs, and relatively smaller firms, which, as we know, tend to create disinterest in industrial research and development. I am, of course, speculating, but I am just wondering about the extent to which there is a common explanation both for relatively low volume of industrial training and for a relatively low volume of industrial development.

The Chairman: It is interesting to speculate that if Canada Manpower was more in the area of being a placement agency, as opposed to what we might call a counselling agency, on-the-job training would be much easier to administer, and would grow almost by itself. One of the difficulties, it seems to me, with on-the-job training is that Manpower designates who may take the training, and this seems to be a terrible bar to the employer who wants to make his own selection.

Dr. Dupré: Well, I would stand to be corrected on this by further testimony that you might receive, but my understanding, where on-the-job training programs are concerned, is that the employer does have discretion over which trainees he is going to select.

The Chairman: I think that is correct, but the complaint we seem to get from employers is that this discretion is rather conditional when it comes down to the fact. Mr. Toupin is here. We could ask him.

Mr. D. Toupin, Director General, Manpower Client Services Branch, Department of Manpower and Immigration: The employer has complete discretion, and Mr. Manion so testified before this committee some weeks ago. Of course, certain conditions have to be met, and if the employer does not meet those conditions he may not benefit from the subsidy or grant that might otherwise be payable. For instance, he might be entitled to an 85 per cent reimbursement provided he hires the disadvantaged. The CMC will refer a number of disadvantaged to him, but the final decision as to which disadvantaged will be hired rests upon the employer. If, however, the employer does not want to hire a disadvantaged, but solely an unemployed who is not categorized as a special needs client, he would then benefit from a lower grant.

Dr. Dupré: Your comment, Mr. Chairman, if I might say so, does indeed suggest to me that to the extent that Canada Manpower Centres concentrated on the placement objective, one by-product might be to make them more effective vis-à-vis on-the-job training. What I have in mind here, of course, is the importance of employer contacts, if one is going to develop on-the-job training.

An interesting observation that I can make from my

own study with respect to the early years of adult occupational training in Ontario is that the provincial government, through what is known as its industrial training branch, played very much of a lead role here, and indeed assisted the federal government, taking it by the hand, so to speak, around to employers who had an interest in developing on-the-job training. The reason why the province of Ontario was able to play this lead role is precisely because through the existence of an industrial training branch, it had developed a group of officials who had concentrated on industrial training, and on the employer contacts that this necessitates, and they, of course, were assisting the newly created CMC's which had virtually no capacity in this regard.

I think, therefore, we could say that to the extent that Canada Manpower Centres do concentrate on the primacy of a placement objective, so, too, might they, as a by-product, develop a more effective capacity where on-the-job training is concerned.

The Chairman: Dr. Dupré, I think probably what we should do now is complete your statement and then get on to the general questioning.

Dr. Dupré: Fine.

Coming back to what I view as the very important business of developing the placement objective of Canada Manpower Centres, might I make use of this rostrum to throw a bouquet in the direction of the Department of Manpower and Immigration for its development of the job information centre concept. You are already, of course, familiar with all that this implies. Among other things this is precisely the sort of development that can serve to free counsellor time for employer contacts. It is also, as a result, the kind of development that will doubtless broaden the CMC penetration of the supply side of the labour market. This, I think, is because of the "drop in" effect. I have observed, in certain of the dialogues that you have had, some reservations that have been expressed to the effect that the job information centre concept suffers because it is too cold, and too distant. Let me urge upon you the importance of the other side of that coin, which is precisely that the job information centre concept encourages the "drop in" effect. It encourages the number of people who simply drop in to a CMC to look at the board.

To the extent that the job information centre concept can be further developed, I think I might urge, Mr. Chairman, that you consider the advisability of job information centres posting information not simply about job placements that are available at the CMC, but information as well about other job opportunities that may exist in the community. If a particular plant happens to be hiring at a given time at the plant gate, even though it does not refer the job vacancies to the CMC, to the extent that the CMC has this kind of labour market information, and makes it available, I would submit that this would enhance the effectiveness of the job information concept that much more.

Now let me make one other point about the potential effectiveness of job information centres where training is concerned. One finding in my study was that when all was said and done a very substantial number of CMC clients who were referred to training were referred to training because they had asked for training.

There was a large element, if you will, of self-selection. May I say that this type of self-selection is perfectly consistent with an approach to training in which fuzziness is considered to be a good thing.

The Chairman: Self-selection being by the individual himself?

Dr. Dupré: The individual going to the counsellor and saying that he really needs and really wants training. Where the job market information concept, in my opinion, links in with this very well is that it makes freely available, to those who drop in, job market information over a period of time that may end with an individual proposing himself for training.

The Chairman: I might interject that CMC seems to be encouraging that, because in the Toronto commercial centre, training opportunities are actually posted on the board.

Dr. Dupré: I think it is an excellent thing to post training opportunities, Mr. Chairman, but I say also that the more information is put out just about job opportunities, the more this in itself can encourage people to start thinking about training. Let us consider, for example, that generic category sometimes known as the under-employed, or those about to be unemployed because of technological change. Let us get below that generic category and, for instance, consider the barbering trade. Barbers have difficulties these days, perhaps not because of technological change, but because so many of us wear what hair we have somewhat longer than previously. To pursue my example, a barber who is increasingly unhappy with his income in barbering and who is interested in alternative opportunities can obtain, on a drop-in basis, by looking at job information, some idea or notion of those occupations where jobs exist. That individual is then, perhaps, very much in a position, after thinking about it, to go to a counsellor and ask for training as, say, an earth-moving equipment operator. He had always wanted to run a big bulldozer, anyway. I offer this as a very homely example of the effect of the full development of a job information centre in terms of maximizing labour force information. I have now said enough under my first heading of training objectives. My message is really that the training objectives are not that important. It is a matter of attempting to refine the objectives of a placement agency to which I would give top priority.

I will speak very briefly at this point under the second heading suggested by Mr. Dobell, the adequacy of counselling services. When the Adult Occupational Training scheme and the full-blown notion of the CMC as a comprehensive Manpower centre was first initiated, great emphasis was placed on the recruitment of counsellors with university backgrounds. My study, at least for Ontario, traced the process whereby attempts were made to bring large numbers of university graduates into counselling. Our findings were that, by and large, this did not turn out to be a very good idea. I will not elaborate to any considerable extent, save to say that, above all, CMC managers emphasized to us that what they really looked for in a counsellor was someone who had labour market experience related to the types of occupations in which placements were being made. University

graduates, on the other hand, tended to lack this experience and in terms of their counselling effectiveness were really only good, by and large, in dealing with people problems, as opposed to placement problems.

May I observe that my colleague, Professor Meltz, in a paper which he submitted to you raised similar doubts to those which I have just expressed with respect to the use of university graduates in Manpower counselling. All of this being so, I must say that I was somewhat surprised to detect in the minister's testimony that there seemed to be a revival of the university graduate concept as a qualification for counsellors. The minister, indeed, made the point to you that the number of university graduates has now been built up to the point where 53 per cent have bachelors' degrees and many have post-graduate training in fields such as psychology and vocational education. I am not at all certain, Mr. Chairman, whether a predominance of these kinds of people in CMCs will serve the development of CMCs as an agency designed, above all, with the placement objective in mind. It strikes me that these kinds of qualifications are far more closely related to the secondary and tertiary types of counselling that have perhaps involved too much goal displacement within CMCs. Now, of course, if a university degree is not a good qualification for a counsellor, you are entitled to ask what is. My own extensive discussion with CMC managers never really unearthed much beyond, above all, experience in the labour market. There are, doubtless, other qualifications that help to make a good counsellor. I do not know what they are; there is no reason why I should be expected to know since I lack personal experience. I must, however, report to you that in speaking with CMC managers and counsellors, they themselves were never really able to identify what these particular characteristics might be. This is undoubtedly where in-service training for counsellors may help to play a role perhaps in developing some of these characteristics that I unfortunately cannot identify.

Quite aside from this, when we are talking about the adequacy of counselling, let me emphasize that a placement counsellor can only be as good as the services he himself receives from the agency for which he works.

In some ways he can only be as good as the kind of data that is supplied to him concerning job placement—and, statistics aside, as the kind of economic intelligence, impressionistic notions, of what is going on economically in the community, which can be supplied to him. To some extent, of course, the more he is freed up for employer contact, the more he can gather economic intelligence himself.

However, you may wish to pursue, in your discussions of the manpower problem, the extent of the support which counsellors are given in terms of having at their fingertips a feel for what is going on in the community, and how adequate these services are.

The Department of Manpower and Immigration had, at the time I was studying it, a group of individuals known as district economists, who were not directly linked to the CMC in the hierarchical sense, but served an information network that went up to regional headquarters and to Ottawa and was supposed to feed back down to the CMCs.

I am uncertain about the extent to which the Department of Manpower and Immigration continues to rely on

district economists. At the time I did my study, I was driven to the observation that district economists left a great deal of room for improvement, where their capacity at least to gather intelligence, as opposed to simple numbers, was concerned.

District economists, for example, did not to any extent seem to have the kind of feel for the economic life of the community that some, for example, municipal development or tourist officers have.

There is an important kind of intelligence here, that can be communicated to counsellors to improve the adequacy of their job counselling, that warrants development.

One final point on the adequacy of counselling services relates to the status of counsellors within their community and their capacity to develop good employer contacts that stem from frequent face-to-face meetings with employers.

Since I was studying both the CMCs and provincial training agencies, one thing that my study forcefully brought home was the relatively low status of CMC counsellors in relation to counsellors, administrators and teachers in training agencies like the colleges of applied arts and technology.

As we put it in the book, in a throw-away line designed perhaps to convey the gist of what we were thinking about, the college officials, counsellors, administrators, teachers, more often than not were in Kiwanis and Rotary. For CMC managers it was the bowling alley and the Legion. Rhetorically one can ask who, as a result, has more opportunity for good face-to-face contact with employers. To the extent that labour market experience is a very important qualification for a CMC counsellor, you may have to admit the fact that relatively low social status is a price you have to pay for this kind of qualification.

This then raises the question: What kinds of external assistance can be brought to bear to enhance the status of a placement agency? I might urge honourable senators, Mr. Chairman, to ask somewhere along the way in their inquiry, whatever happened to the old mayors' employment committees, which were very much a part of the structural scene in the old days of the technical vocational training act.

The point of something like the mayors' employment committee is that it focuses attention at the community level on placement and manpower problems through the intermediary of a committee that is, after all, headed by an elected official, who within his community is going to have very probably the kind of status that no appointee of a federal or provincial government could ever have.

What I understand is the total demise of mayors' employment committees in the post-'67 era, may I say, warrants your attention, and warrants it in terms of the extent to which such grass roots bodies can give an entrée to CMC counsellor, vis a vis employers, that they might not have, and, in any event, focus from the grass roots attention on the importance of the CMC's placement function.

Under my third heading I will be very brief. This is the federal-provincial situation generally as I observed it in Manpower training.

The conclusion in my book, which very much favoured a virtually complete turning over of manpower training to the provinces, had several other things attached to it.

One reason why I was concerned about turning training over to the provinces was that I detected a situation whereby the educationists, serving the goals of the institution for which they were responsible, had very badly damaged the capacity of a would-be purchaser to develop any kind of labour market oriented training.

I was very interested, of course,—and I remain interested in this as a citizen—in preserving the buyer-seller concept of adult training. I might say not only in preserving, but, if you please, seeing it come about in exactly the way that the federal government envisaged it in the springtime of adult occupational training, when it was hoping it could really be a buyer that could deal with individual sellers and purchase courses tailored to the needs of its clients from competing sellers.

As a citizen, of course, I have an interest in this, because it has always occurred to me that there could be opportunities for greater efficiency in the delivery of government services generally if we allowed somewhat more of a market concept to operate.

As a citizen, I am probably just articulating here a professional dream. The fact of the matter is that there is no such thing as a buyer-seller relationship really in terms of the federal-provincial contracts we have now had.

My idea in turning training over to the provinces was that the provincial governments themselves would have manpower oriented agencies quite distinct from educational agencies and that in this setting these manpower agencies might be allowed to buy training from provincial educational institutions without raising the old bogey man of the federal government distorting "our educational institutions."

As far as my prescription that manpower training should be turned over to the provinces is concerned, the freedom in turn of the resulting provisional agencies to purchase from provincial educational institutions is of great importance. If provincial manpower agencies are not going to be allowed to buy freely from provincial educational institutions, then one of the reasons I had for turning training over to the provinces simply falls apart before my eyes.

What I see in federal-provincial relations at the moment is a setting where quite possibly the Province of Ontario—and I say this simply as an observer—is basically satisfied with what Senator Grosart correctly identified as the relationship that really has nothing to do with buying and selling.

The Chairman: I know you are coming to the end, Mr. Dupré, but senators do have questions, so I would ask you to conclude as quickly as possible.

Dr. Dupré: This being the case, I do not see that the Province of Ontario is at this stage of the game basically dissatisfied with what is going on. That province was probably the largest single source of dissatisfaction with adult occupational training as originally conceived. It appears to have succeeded in bending the original federal design to the point where it is doing fairly well.

As to the Province of Quebec, I have not studied that province in any considerable detail. But I might make one simple observation which you might wish to pursue. That is, the extent to which the quality of the relationship between the federal government and Quebec in manpower training turned out to be better than the Ontario relationship, for the simple reason that the federal government, when it was dealing with Quebec, found itself dealing with officials who were also economy oriented and labour market oriented.

Part, and a very big part, of the federal-Ontario clash, was occasioned by the fact that there were economists from Manpower and Immigration dealing with educationists at the provincial level. This kind of professional split did not cloud the federal-Quebec relationship.

Certain private conversations that I have had with both federal and Quebec officials, indicate that the fact that there were like minded people trying to make the thing work at both levels of government may have made for a better quality of relationship between the federal government and Quebec in Manpower matters than between the federal government and Ontario.

One final point on federal-provincial relationships might be the following. I detect—and again this is on the basis of personal conversations—some very considerable interest in certain provinces in mounting manpower centres of their own. Indeed, the interest that I detect in Manpower Centres in certain provinces may be linked to no small extent to manpower shortages in these provinces.

I hesitate to mention the Province of Alberta, in the presence of a consummate expert, but one understanding I have is that there is an interest in Alberta in the province acquiring a Manpower placement function of its own. That stems from the desire of that province to recruit manpower quite aggressively from other parts of the country.

One problem that a federal placement agency always has with respect to mobility, is that while it can have as one of its objectives the enhancement of mobility, it must avoid being seen in any particular province as an agent in depopulating that province.

Therefore, to the extent that the notion of provincial manpower agencies avoids this restriction, under which federal manpower placement services exist, to that extent I think there may be an interest in some provinces in getting a substantially greater role in manpower placement.

This concludes what I had in my statement, Mr. Chairman.

The Chairman: Thank you, Dr. Dupré.

Senator Carter: Mr. Chairman, Dr. Dupré has given us a rather comprehensive presentation this morning. I find myself a little shocked at the concepts he has advanced and at the philosophy which underlies those concepts. I am a little shocked in another way, because I had prepared a line of questioning under four areas—goals, training and the training agreements, counselling, and information. The questioning which has already taken place has more or less disrupted this line of questioning that I had, so I hardly know now where to begin.

Perhaps a good place to begin is where Dr. Dupré left

off, when he was talking about the unsatisfactory state of agreements that exist now, between the federal government and Ontario. He has already mentioned Quebec and said that the difficulties have been somewhat minimized with respect to Quebec. Can he tell us something about the situation with the other provinces? While he is dealing with that question, can he say to what extent is the better or more satisfactory relationship with Quebec due to the different type of agreement that they have as compared to the fixed type of agreement they have with Ontario?

Dr. Dupré: I wish I really could honestly answer your question. I am afraid, frankly, that I cannot really begin to make a stab at it as it relates to relationships with provinces other than Ontario. Perhaps I should tell you why this is so. Governments are not the most open places in the world, as you may be well aware, and I am sure you are. It took something like three and a half years' work to ferret out the details of how federal-provincial relations in Ontario evolved, with respect to, among other things, the financial dealings that you mention. The extent to which we were able to get information here was in no small part due to a confluence of very happy events whereby, among other things, we started this study precisely at the time when Ontario was in its greatest state of dissatisfaction with adult occupational training. Accordingly, the very rare gesture was made to us of, "Here are the files; go have some fun."

The kind of information that we were able to collect through this route enabled us to open some doors federally—because we already had so much—that might otherwise have remained closed. I am afraid, therefore, in honesty, senator, that I cannot come to grips with the specifics of financial arrangements, as they involve other provinces, at all.

Senator Carter: I was not thinking so much of financial arrangements. We know pretty much what the financial arrangements are. The relationships and the general better working of the system with the other provinces is what I am interested in. Apparently it is quite different from that in Ontario. The government allocates a sum of money to the other provinces, and says, "Use up these resources, but you are limited. You can draw on this according to the various courses that are necessary." That was the way the federal government had of controlling this open-handed system that prevailed before that. That is when they renewed the agreement under the old plan.

From the witnesses we have had from the department, however, I gather that they seem to be reasonably satisfied with the way the arrangements are working out in the other provinces. At least, that is the impression I got. Certainly, nobody enumerated any of the difficulties that you referred to with respect to Ontario.

There is another question I would like to ask you on that, which sort of puzzles me. You have said that when the Liberal government purchased the training from Ontario they did not know what that cost was until the audit had been carried out, which could be two or three years later. In that case, how did they adjust their payments?

Dr. Dupré: My study deals with this story at some length, senator. It is one that, of course, evolves over

time. I will try to give you the gist of it in as concise a way as possible.

You have the following situation. In the beginning the province came forward with what were province-wide cost estimates of courses. This is all that they were willing to submit to the federal government. In this context the initial funding agreements were made. The buyer, if you will, knew what the provincewide average cost of, say, a certain BTSD level course was, but he did not know what the cost of that course was in one institution as opposed to another.

Over time the federal government could always finally find out what the cost in individual institutions was because the audit provided them with that information two or three years later. In the meantime, however, the federal government, as buyer, was dealing with provincewide cost estimates.

There is another part of this story which takes place over time, sir, and that is the transfer, in Ontario, of adult training from the so-called adult training centres, which were under school boards, to the new colleges of applied arts and technology, which are a much higher cost form of institution. They are post-secondary institutions, with all the higher overheads that that involves, after all. They are not schools.

The colleges of applied arts and technology were built up over time from about 1966 on, and gradually, as each college was built up, the province transferred adult occupational training from the adult training centres to the colleges. All the Government of Canada was still seeing, as this process was going on, was a provincewide cost estimate that masked the higher costs that were being involved, as, one by one, the new post-secondary cats acquired adult occupational training. In the crunch the federal government wound up as a buyer, really, being forced to pay these higher costs without ever having had an opportunity to flag this development in advance, and indeed, it was only the audit procedure that, two or three years down the pike, started to provide the federal government with the cost consequences of what had been taking place in Ontario.

It was in no small part the provinces's success in denying the federal government cost information in what at first remained a relatively arm's length buyer-broker relationship, if you will, that really made it quite imperative for the federal government to develop a relationship with Ontario that has very, very little indeed in common with any kind of a buyer-seller relationship, and which, instead, smacks more of the federal-provincial negotiations that are typical of shared-cost programs.

Senator, let me say this, that perhaps from any of a number of perspectives there is nothing wrong with this at all. The only thing that may be wrong with it is if you view it from my perspective as a professor of public finance and public administration. That perspective gives me a feeling of disappointment. It gives me a feeling of disappointment simply because the original conception of a buyer-seller relationship, under the adult occupational training act, to me was possibly such a promising foot in the door in terms of a technique of providing government services that brought into play a little more of the efficiencies that are consequent upon the market mechanism.

Senator Carter: In that particular type of set-up which you have just described, which prevails in Ontario, who decides what? Is it the courses available which decide what training will be provided, or is it the training requirements which decide the courses to be provided?

Dr. Dupré: Some of the testimony you have already received gives you some description of the process. The decision-making, however, is very much in some respects characterized by joint decision-making. There is a situation whereby, of course, the federal government may come in with one particular notion of how to divide up training in the big packages in terms of the volume of English as a second language, the volume of BTSD, the volume of skilled training and so on. The province may have a slightly different picture. They negotiate their differences but never, to the best of my knowledge, really get beyond what is basically a broad province-wide package. The federal government does not have the wide-open freedom that it originally hoped to have in terms of directing training toward specific institutions which are particularly successful in providing certain forms of training. Indeed, what tends to happen is that the provincial government distributes courses among the institutions in accordance with its notion of what constitutes an overall, balanced program of youth-oriented secondary courses and adult educational services in various colleges. As a result, I might say, certain instances are known in which perhaps particularly successful colleges in adult training have been penalized. I have in mind the case of the George Brown College of Applied Arts and Technology, which made the newspapers some two or three years ago. George Brown is situated in Toronto and is a College of Applied Arts and Technology which particularly favoured adult occupational training as its own mission and achieved quite a remarkable degree of success in it. Admittedly, the consequence of this success was that George Brown had a very, very high proportion of adult trainees and a relatively low proportion of straight post-secondary students. Meantime, of course, certain other colleges in Ontario really have shown an attitude toward adult training that has varied between indifference and hostility. Some colleges in Ontario have tended to view themselves as all-out post-secondary educational institutions, junior universities, if you will and, for a variety of reasons, have not been interested in adult training.

Because it wants colleges of applied arts and technology to develop balanced programs, the province has tried to build up adult training in certain places in which it is not necessarily a program appreciated by the college. To do this, it shifts federal purchase money from an institution with a very high volume of adult training to institutions with a relatively low volume of adult training. It was precisely in the process of such a shift that George Brown found itself losing a substantial number of Manpower trainees. This created what was certainly a temporary financial crisis for that college.

Senator Carter: That leads right to the next question I have: To what extent have these institutions now become dependent on these federal funds for federal training programs, having regard to the retrenchment that is taking place and the high cost of equipment needed for these schools? Was it the Humber College in respect of which there was a press item only a couple of days ago?

Dr. Dupré: I do not have precise information in this regard, senator. However, let us say that an educated guess would be that they have become quite highly dependent on this. I notice in some of the testimony you heard from the department one or two weeks ago that department officials submitted to you that they were endeavouring to urge provinces to ensure that the teaching staff in adult training programs was not made up entirely of regular, full-time college staff, but rather of a healthy proportion of part-time and occasional teachers. The point made in the testimony to you was that the larger the proportion of full-time teachers involved, the less the flexibility in terms of shifting any type of training around. I suspect, senator, that there is a very large proportion of regular staff involved in teaching adult training courses in Ontario colleges. This makes the colleges that much more dependent on a fixed volume of training being assigned to them every year. If anything, it is entirely possible that the dependence of the colleges on adult training will be enhanced and whatever flexibility they have had will be further reduced by on-going developments on the collective bargaining front. As you are undoubtedly aware, the teachers in colleges of applied arts and technology are collectively bargained for on a province-wide basis under the Ontario Crown Employees Collective Bargaining Act, which also applies to civil servants. Items not only such as salaries, but working conditions, have become of very major contention in collective bargaining in this area. To the extent that increasingly rigid working conditions guidelines emerge from the collective bargaining, the colleges may become much less flexible and, of course, so may their dependence on continued allocation of federal moneys to them become absolute.

Senator Carter: You advocate turning training over to the provinces. In the present atmosphere in which the Department of Education and the professionals on the other side are operating, do you think the relationship would be any better than that between the federal and provincial governments? Looking at it from the standpoint of getting the kind of training we want, do you think we would have a change of getting any better training than we are getting now?

Dr. Dupré: Senator, if you posit a situation where the educational institutions have lost nearly all of their flexibility; if you further posit the situation where the provincial officials, responsible for those educational institutions have to assume a very rigid stance in terms of any outside influence that could affect the distribution of funds to those institutions; to that extent do you have a situation where a provincial manpower agency would not necessarily yield much more of a buyer-seller relationship than a federal one?

So perhaps in this sense the movement to a provincial manpower agency would not improve the prospects of a buyer-seller relationship.

If I may say so, however, there is another dimension to be considered, which is the extent to which a division of labour is highly advisable in the provision of manpower services.

A provincial placement agency may not be able to restore a buyer-seller relationship. However, a provin-

cial placement agency, to the extent that it concentrates on the people problems, to the extent that it concentrates on the in-depth counselling of individuals with severe labour market problems, can quite possibly play a more effective role than any federal agency, for the simple reason that so many of the services that people with really severe labour market problems need are provincial in nature, whether it is treatment of alcoholism, psychological treatment, or whatever. And, of course, to the extent that provinces are well set up to pursue that particular part of the manpower function, to that extent, of course, is the federal manpower service freed up, so to speak, to really concentrate on placement—above all, on so-called extensive information, job matching, and employer contacts.

Senator Carter: As a matter of principle, would you say that the federal government should be paying for this basic training, this upgrading of the academic qualifications of people to enter vocational courses?

Dr. Dupré: You are referring now, no doubt, especially to so-called basic training for skill development.

Senator Carter: For entrance to skilled courses.

Dr. Dupré: Here it has been said that what the federal government is doing is paying now for the deficiencies in provincial education systems 15 or 20 years ago that forced people out of school at that time. I think here I am going to put on my fuzziness cloak again and reply to you as follows: basic training for skill development, it has been discovered, is not necessarily just preparation for the skill training that then presumably leads to a job. A good portion of BTSD does and can lead directly into employment.

As you know, many employers—this includes governments—have a minimum educational requirement for certain positions—grade 10, grade 12. For a CMC, to give a client training to the grade 10 level so that he or she can become a provincial employee in the Ontario Hospital at Smiths Falls, is for the federal government really to have given some training that leads directly to a job placement.

Of course, at that stage of the game you could certainly say, "Well, if the provincial educational system had retained that individual in the past, he or she would have had the grade 10 anyway."

But as you all know, there are any number of reasons why people drop out of school, which may not have anything to do with any responsibility in connection with the provincial education system.

Senator Carter: I have some more questions along that line, but time is passing rapidly. I want to get back to what you called the fuzziness aspect, the goals. The minister outlined the goals of growth, equity and stability. I think you have conceded that stability is compatible with either growth or equity. Would you say that growth and equity are compatible?

Dr. Dupré: You can certainly pursue all three objectives, senator. There is no question about that. As it originally approached manpower training, the federal government was going to pursue growth primarily and the other two only secondarily or incidentally.

I would say that once you decide that you are going to pursue growth, equity and stability altogether, what you are really saying is that you are interested in using training for broad human resource development that may enhance economic growth or may result in a more equitable distribution of incomes, or that may be a very attractive alternative to other kinds of transfer payments in a recession. So once you have said to me that you are going to pursue growth, stability and equity altogether, without setting any priorities among the three, to me you have created a very big envelope.

Senator Carter: You would say then that no single goal should predominate, that we should pursue the three together. This is what puzzles me: if we accept your concept of federal government getting out of training altogether and turning that over to the provinces, how would you reconcile that with the overall philosophy of developing human resources? How would you get over the problem of equal opportunity for training? As I see it, if your concept is pursued, the rich provinces, with plenty of institutions, teaching personnel and all the resources required, can give a much better opportunity to people in that province than would be possible in the poor provinces. So are you not abandoning the poor provinces if you turn things over to them?

Dr. Dupré: I would make two points here. First, to the extent that you have a good fiscal equalization scheme, one of your worries would be taken care of in part. There is a second point, however. Once provinces had taken over training, for the sake of argument, and had their own manpower agencies, individual provinces with labour shortages might be recruiting trainees for courses that would be provided at the expense of a receiving province from those provinces that have labour surpluses. To the extent that provinces with Manpower shortages tend to be in better economic shape than provinces with manpower surpluses, to that extent would you get a redistribution effect whereby the wealthier provinces would be paying training costs of greater magnitude?

Senator Carter: You would take away from the federal government any responsibility for equalizing opportunity as between one province and another?

Dr. Dupré: No, I would not.

Senator Carter: I did not gather from your answer how this problem would be taken care of, because you said that the wealthy provinces with labour shortages would probably attract the people from poor provinces with labour surpluses. What about the others? What about the individual? Surely, every individual, no matter where he lives, is entitled to equal opportunity, and not just the opportunity that the rich province is prepared to provide for him?

Dr. Dupré: There would be perhaps an enhancement of labour mobility here, senator. I think that one of your reservations about this is well taken, and explains one of the restrictions under which any federal Manpower service must operate. If you push mobility too far, you may be depopulating a disadvantaged province and there are some very deleterious side effects this undoubtedly could have. More generally, with respect

to interprovincial equalization, I would put the burden of equalization on the general fiscal equalization formula that governs federal-provincial arrangements.

Senator Manning: I will take time to touch on two points. You made quite a few comments, doctor, on the problem of counselling and the type of counsellors that are preferable. Could you tell us briefly what you would regard as the main qualifications that Manpower should look for in counsellors, and what should be the main goal of counselling in the Manpower setup?

Dr. Dupré: The main goal of counselling in the Canada Manpower Centres to me is to serve the placement function. It is as much as possible to bring job seekers and job vacancies together. Hence the reason why I place such a premium on job information and on our counsellors who, because they know a particular family of occupations, can quickly screen interested job seekers in terms of their capacity to fill vacancies and who, because of their own contacts with employers have the best possible knowledge of where these job vacancies may be.

Senator Manning: In this counselling work these men constantly come in touch, for example, with a man who cannot hold a job because he is an alcoholic. What should they do—refer him to somebody else and say that this has nothing to do with job placement, that it is a social problem? The point is that they are going to run into these situations. What are they to do about them?

Dr. Dupré: Speaking broadly, and getting away from any conclusions I had in my book about the federal-provincial division of this, my main point would be this. For individuals who have the more severe kinds of placement problems, you have a task here that is sufficiently important and sufficiently demanding that it requires an organization of its own. If all of this in-depth counselling of individuals with personal as opposed to placement problems is conducted by the placement agency, you simply get that placement agency away too much from concentrating on what its prime objective should be.

I suppose there are many ways of looking at how a better mouse trap might evolve here. If you want to think simply of the federal government, it may be that what we want to look for is a situation whereby the Canada Manpower Centres, to the extent they are going to be associated with any other function than placement, will be increasingly integrated once again with Unemployment Insurance Commission offices, and quite another kind of counselling agency, which could be under federal auspices, will be created, perhaps under the Department of National Health and Welfare, to deal with personal problems. Alternatively, these kinds of services could be provided by provincial agencies.

Under either alternative, quite possibly one of the things that has to be thought of is different agencies concentrating on different services, but offering them out of the same physical location.

I could envisage, with interest, a setting where in a particular building you had, literally next door to

one another a CMC, an Unemployment Insurance Commission office, and a provincial counselling agency.

Senator Manning: My last question is this: Do you see any practical way that steps could be taken to enhance the role of in-training service or training for the upgrading of skills, to the extent that we could remove the fear of labour, that automation and technology is a thing to resist because it is going to take away their jobs. To put it another way, is there any hope of being realistic and getting to the place where employees, instead of fearing and therefore resisting technological progress and automation, can be afforded sufficient training, availability training, for upgrading their skills, to qualify for better positions, to break down that fear and make them welcome technological progress instead of fighting it?

Dr. Dupré: I may sound a bit like a broken record here, senator, but what you have in mind here, to me, is part and parcel of what a well conducted placement agency should provide. If you are doing the placement function properly, far better than we have been able to do it at any level in this country, I would imagine that one way of getting to where you want to be is that employees who are threatened by technological change would have some of their fears removed by a situation where the better placement opportunities that they would have if they were retrained, were made clear to them by the placement agency.

This is quite a selling job. It is a selling job that would place a great demand on any placement agency. It is a job that I believe placement agencies should try to do, and this is another reason why I believe it is so important that a Canada Manpower Centre should, above all, focus on the importance of its placement function, so that it can build this placement function to the maximum possible extent without the distortion that is inevitably built in by many of the other important manpower jobs, like counselling, that would have to be done.

Senator Neiman: Dr. Dupré, I would just like to go back to a comment you made in following up a remark of Senator Carter's, where you said that it is the opinion of many of us—and I think I share it—that the federal government is paying today for mistakes that were made in education 15 years ago. I would like to try to tie that into comments made about training in Ontario, and your suggestions as to how we might change our Manpower Division. I do not know if Senator Grosart would agree with me. He is from Ontario too, but unfortunately he has left.

It is, however, my feeling that part of the problems as you see them in Ontario today, and as we see them being exacerbated day by day in this province, stem from fiscal and educational policies that have been evolved by the government over a number of years. The government has arranged its fiscal and educational policies so that, for example, they pay universities on the basis of the number of people we put into them. I assume they are doing that even at the community college level, and, indeed, that this is part of their philosophy, so that we are not concentrating on educating people for specific purposes in life, whether it be in the labour market or elsewhere, but are simply concentrating at this point in Ontario

on educating numbers of bodies and putting them through some kind of a mill. This worries me greatly, as a resident of Ontario.

To get down to the very practical aspect of what we have been discussing, however, I do not see how the federal government, at this point, can influence that situation, or effectively carry out your suggestion of transferring the training over, because, as you said, the *sine qua non* will not happen if the present policies continue in Ontario. Until we get a balance in fiscal policies with regard to education and providing for the labour market, we simply will not be able to achieve it.

I think, basically, I agree with your idea that it should be a provincial responsibility, but what could we do, what could we recommend to the federal government, now, to change or improve the situation as it is, say, in Ontario, that the federal government, in all practicality, can carry out?

Dr. Dupré: Well, I think the amount of scope you have is, admittedly, extremely limited. However, in the federal system each level of government—this is my philosophy—should, above all, try to do what is under its jurisdiction just as well as possible. In this sense I think that one of the admittedly limited options that you have is to encourage the Canada Manpower agencies to do the very best placement job imaginable. To the extent that they are doing this job well, let us remember that it remains terribly important to provide the secondary and tertiary counselling that people with real labour market problems must have.

To the extent that the federal government wishes to make a deliberate choice to perform the placement function as well as possible, I can certainly see a situation where, through the summit processes of federal-provincial relations, this could be made plain to the provinces, and of course, the invitation is then quite clearly there for the provinces to pursue the role of what might be called social counselling, and to the extent that the provinces are not worried about the federal agency duplicating what they should be building up, to that extent may they move things forward.

Might I, senator, give you a story that comes out of our late lamented exercise in constitutional review, at the summit of federal-provincial relations? In 1969 the Constitutional Conference considered a working paper which, if I remember correctly, was entitled, "Income Maintenance and Social Security". This was one of the white papers that was considered by the Constitutional Conference, in which the Government of Canada gave its suggestions as to what might constitute appropriate federal and provincial functions in income maintenance and social security generally.

At one end that working paper very clearly staked out an exclusive federal role in some of the most important income maintenance programs, like unemployment insurance. Then, of course, there was provision made in that paper for any number of joint federal-provincial arrangements and divisions of jurisdiction. In certain areas where social services to the individual in terms of counselling were concerned, this, in the Government of Canada's own white paper, was assigned exclusively to the jurisdiction of the provinces. In the wake of this paper and of the conference, certain prov-

inces, notably Quebec, asked the following question: Under whose jurisdiction do the Canada Manpower Centres fall?

A communiqué was issued by the Constitutional Conference, at the close of that meeting in 1969, stating that the question of economic, as opposed to social, counselling was going to receive some attention. The very fact that this distinction was made, I must report to you, did occasion quite considerable panic at the time in the Department of Manpower and Immigration, because, of course, the grand design for the CMC's as originally envisaged, smacked considerably of CMCs themselves being all things to all people.

The whole constitutional process aborted, as we all well know, but this kind of distinction that was broached at the conference might well have some interesting contribution to make to federal-provincial relations, provided that the agency responsible for the CMCs does not panic every time it countenances the possible disintegration of its empire because of a distinction suggested between economic and social counselling. However, to the extent that that agency can really be encouraged to serve the placement function and the economic counselling function, of course, to that extent does the distinction become operational and viable, and it issues an invitation to provide social counselling in which the provinces certainly have a strong interest. At the same time it does not create a setting in which a federal agency is particularly nervous about losing something.

Senator Carter: I have two or three very short questions for clarification. I would like to be quite clear that what you are advocating is that the Department of Manpower and Immigration should pursue a broad, general policy of human resource development without any emphasis on equity, growth or stability.

Dr. Dupré: To the extent that it remains in the training business, it should pursue a broad approach in training for equity, growth and stability, without worrying that much about attaching priority to one objective or another.

Senator Carter: The corollary to that, then, is that Manpower Centres should not have any clear guidelines, because if there is no clear goal there can be no clear guidelines toward that goal—is that a correct deduction?

Senator Manning: It would be easier to be fuzzy.

Dr. Dupré: No, I would not carry the fuzziness concept over, senator, into the Canada Manpower Centre, for the following reason. The Department of Manpower and Immigration may still purchase training for a variety of objectives. Who identifies the trainee need not and should not necessarily be the CMC.

Senator Carter: But one of the functions of the Manpower centre at present is to select trainees and without clear guidelines how can the selection be made? How do we overcome that problem?

Dr. Dupré: Senator, selecting a trainee who seems to a counsellor to warrant training on the ground of a so-called primary counselling session in which he expresses an interest in training and obviously does not have any labour market problems beyond his need for training is one thing. It is a very different proposition

from selecting someone for training who has severe labour market problems. Provincial agencies certainly can be given the job of selecting trainees, as was the case in the days of the Technical and Vocational Training Assistance Act. The problem under TVTA, senator, was that the provinces at that time selected the trainees for everything. That is to say that the provincial agencies, since they selected all the trainees, ignored training as a placement tool. I see the Canada Manpower Centres continuing themselves to select the trainees when it is plain that the training will be used as a placement tool after primary counselling. For those with more severe types of labour market problems I would see the selection of the trainee carried out by social counselling agencies which specialize in this field.

The Chairman: That was my earlier question and I was not clear on the answer, so I am glad to have that answer now.

Senator Carter: If your suggestion were adopted and Canada Manpower training was passed over to the provinces and each province had its own manpower training centre, what would be the function of the central government? Would there not be some sort of co-ordinating or integrating function? Would a clearing house be necessary?

Dr. Dupré: There would be a tremendous amount of need for the closest type of federal-provincial co-operation. Among other things, job market information which would hopefully, of course, be improved because the federal government would be concentrating on this much more exclusively than at present, would have to be shared straight across the board between the economic counselling agencies and the social counselling agencies.

Senator Carter: I am not that much interested in the social aspect of it, but in terms of our present set-up, in which we have brought together Manpower and Unemployment Insurance under the same roof, it has been decided that that is an advantageous development from the standpoint of efficiency. However, if that were disrupted, the same relationship between the Unemployment Insurance Commission and the provincial manpower organization would not exist as it now exists between Manpower and the federal authorities because they are both federal agencies. Do you not see any difficulty in that?

Dr. Dupré: As I mentioned earlier, in an ideal type of set-up you might have the Unemployment Insurance Commission, the CMC, which is an economic counselling agency, and the social counselling agency all housed in the same place. That is one possibility. I would, however, also offer the following comment, that the close co-ordination, indeed, almost re-integration, of the UIC and the CMC, in my opinion, may serve to enhance the clarity of the placement objective for CMCs in this sense. UIC claimants very often are not those with the most severe labour market problems. They must have been in the labour force, of course, in order to claim unemployment insurance, but they are normally not among the chronically unemployed.

Senator Carter: That is the group that would be the main function of the Manpower centre.

Dr. Dupré: Most UIC claimants have been in the labour market and, therefore, should be relatively easier to place in job vacancies than those who are not UIC claimants because they have not been employed in the labour market. The latter are among the chronically unemployed and are those on whom the social counselling agencies should concentrate.

The Chairman: On your behalf, honourable senators, I would like to thank Dr. Dupré. He has raised some very interesting issues, which we will have to think about

a great deal. I wish to say to you, Dr. Dupré, that I am sure—in fact, I know—that many senators have not been able to ask all the questions they wished to ask and we could go on for probably another three or four hours. Only the call of lunch makes its necessary to adjourn. Thank you very much.

Dr. Dupré: Thank you very much, Mr. Chairman and honourable senators.

The committee adjourned.



FIRST SESSION—THIRTIETH PARLIAMENT
1974-75

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

NATIONAL FINANCE

The Honourable DOUGLAS D. EVERETT, *Chairman*

The Honourable HERBERT O. SPARROW, *Deputy Chairman*



Issue No. 17

WEDNESDAY, APRIL 30, 1975

Twelfth Proceedings

The examination of the Estimates of the Manpower Division of the
Department of Manpower and Immigration for the fiscal
year ending the 31st of March, 1975

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON
NATIONAL FINANCE

The Honourable D. D. Everett, *Chairman*;

The Honourable Herbert O. Sparrow, *Deputy
Chairman*.

The Honourable Senators:

Barrow, A. I.	Hicks, Henry D.
Benidickson, W. M.	Langlois, L.
Carter, C. W.	Manning, Ernest
Côté, J. P.	Neiman, Joan
Croll, David A.	O'Leary, M. Grattan
Desruisseaux, P.	*Perrault, R. J.
Everett, D. D.	Prowse, J. Harper
*Flynn, Jacques	Robichaud, L. J.
Giguère, Louis de G.	Sparrow, H. O.
Graham, B. Alasdair	Welch, F. C.
Grosart, Allister	Yuzyk, P.—(20)

**Ex officio* member

(Quorum 5)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, December 17, 1974:

Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator Everett, seconded by the Honourable Senator Cook:

That the Standing Senate Committee on National Finance be authorized to examine in detail and report upon the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending the 31st March, 1975.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

Robert Fortier,
Clerk of the Senate.

Minutes of Proceedings

Wednesday, April 30th, 1975
(12) (17)

Pursuant to adjournment and notice the Standing Senate Committee on National Finance met this day at 3:30 p.m.

Present: The Honourable Senators Herbert O. Sparrow, (Acting Chairman), Barrow, Croll, Desruisseaux, Graham, Hicks, and Yuzyk. (7).

The Committee resumed its examination of the Estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending 31st March, 1975.

The following witnesses were heard:

Mr. Charles Caccia, M.P.

Mr. D. Toupin, Director General
Manpower Client Services, Department
of Manpower and Immigration

In attendance:

Mr. J. H. M. Cocks, Director of Administration; Mrs. Barbara Reynolds, Research Branch, Library of Parliament; Mrs. Helen Small, Parliamentary Centre.

At 4:40 p.m., the Committee adjourned until 9:30 a.m., May 1st, 1975.

ATTEST:

Georges A. Coderre
Clerk of the Committee

The Standing Senate Committee on National Finance

Evidence

Ottawa, Wednesday, April 30, 1975.

The Standing Senate Committee on National Finance met this day at 3:30 p.m. to examine in detail and report upon the estimates of the Manpower Division of the Department of Manpower and Immigration for the fiscal year ending March 31, 1975.

Senator Herbert O. Sparrow (*Deputy Chairman*) in the Chair.

The Deputy Chairman: Honourable senators, before we start the hearing this afternoon, I should like to table some replies received from Treasury Board in respect of some questions raised at the last meeting on supplementary estimates (D).

May I have a motion to table these replies?

Senator Croll: I so move, Mr. Chairman.

The Deputy Chairman: Honourable senators, we are pleased to have with us today Mr. Charles Caccia, member of Parliament for Davenport. If I may, I will give you a brief rundown of Mr. Caccia's background. Mr. Caccia was born in Milano, Italy, on April 28, 1930. He was educated in Milano, Italy, and at the University of Vienna, graduating in 1954 in Economics of Forestry. He came to Canada in 1955, and from October, 1955 to the summer of 1956 he worked on the Faculty of Forestry, University of Toronto. From that time until 1959 he worked as a trade analyst. In 1959 he set up his own consulting and publishing firm called Caccia and Associates.

Charles Caccia ran for public office for the first time in December, 1964, when he was elected to Toronto City Council. He was re-elected in 1966. In 1968 he ran as Liberal candidate for Davenport and was elected to Parliament. He was re-elected in 1972 and again in 1974.

During his six years as member of Parliament for Davenport, Charles Caccia has been an active member of House of Commons Standing Committees on Labour, Manpower and Immigration; Health and Welfare; and Transport and Communications. He has been chairman of the committee on Manpower and Immigration and Parliamentary Secretary to three cabinet ministers. In October, 1973 he visited the People's Republic of China with Prime Minister Trudeau. Mr. Caccia is married and has two children, Nicolette, age 12, and John, age 8. His wife, Millie, was born in Canada and is a graduate of the University of Toronto and Osgoode Hall Law School. He speaks four languages, English, Italian, French and German.

Mr. Caccia, I understand, has a prepared statement he wishes to make, following which the lead-off questioner will be Senator Hicks.

Before Mr. Caccia proceeds, might I just advise honourable senators of the meeting tomorrow at 9:30 a.m. in

room 256-S, when the witness will be Dr. André Raynauld, Chairman, Economic Council of Canada.

Mr. Charles Caccia, M.P.: Mr. Chairman, I wish to thank you and, through you, the members of your committee for giving me the opportunity of appearing here today. I also wish to congratulate the committee on the initiative it has taken in studying the estimates of the Manpower Division of the Department of Manpower and Immigration. It is an endeavour in which we are all very interested, namely, that of finding approaches that will permit this essential service to become even more effective and productive than it is at present.

As you are all aware, the Canadian labour market is perhaps one of the most difficult to operate in, because we are not a unitary country. We operate in a federal system, with a number of federal jurisdictions, of course. We have to some degree a certain mobility in the labour market. We have some strong seasonal variations in employment. We have at present, and have had for at least the last few years, a very high level of unemployment amongst the young people. In addition to that, we have a number of industries that offer virtually dead-end kinds of employment—namely, employment with very low wages and very poor conditions, whose existence is possible only as a result of fiscal policies on the part of the government, which keeps them alive, for understandable reasons.

Perhaps I should mention another handicap that we have, which is that in Canada we permit the operation of private employment agencies, which are fee-charging to the employers, and which are therefore in competition with the Manpower services provided by the federal government.

Against this background, it becomes quite clear that the task of Manpower is a particularly difficult one compared with similar services in other nations. It is remarkable that it is in a position to perform in the way it is performing and has performed so far. The purpose of raising these points here today is to perhaps outline a few areas that might be worth while analyzing, in which we could strengthen and perhaps improve what we have now.

As you know, we have some 450 Canada Manpower Centres across the nation. It is perhaps the most significant network of federal presence next to the Post Office. It is a network that is available in every community. I am aware of the danger of generalizing, but the Canada Manpower Centres in rural areas provide a fairly good example of community integration, whereas those in the urban areas, particularly in Montreal and Toronto, lag behind in this respect. Nevertheless, there is a very fine network, whose effectiveness could perhaps be improved, and in the end the beneficiaries would, of course, be people who are looking for a job, and also the economy in general. Let me briefly expand on this point before I go on to my other three points.

It seems to me that, particularly in the large cities, although this concept applies anywhere, the Canada Manpower Centre would be better integrated and would function with a greater degree of acceptance, better than it does now, if it were to be run partially by a community board of directors, namely, a system whereby the local CMC—in addition to the directions it receives from Ottawa, which are indispensable and necessary for a proper operation of a network of this magnitude—would also have an input on certain matters by a locally appointed community board consisting of three groups of people: a representative group of employers in the community, a representative group of employees, and a representative group of officials belonging to the Manpower network itself. Perhaps an approach like this could be started as a pilot project, on an experimental basis, in some of our larger centres to determine how it functions and works out before it is adopted elsewhere, if successful.

It has always struck me that consultation with the local community, particularly in the anonymous large cities, is something that is most desirable, that it would encourage potential clients, or people who are frightened sometimes of approaching this institution called the government, to come in more readily. It would also encourage employers to turn to the CMC more readily than they do at present, and it would help in general, particularly in the large cities, to develop a more healthy environment.

Probably a group like that, a community board, could explore a number of things, including how to utilize the premises for information purposes on other federal services, how to utilize the premises for job search training sessions, how to utilize the premises in the evenings and on Saturdays so as to provide counselling to those who are already employed but would like to move up the employment ladder, and in that way provide vacancies, if there were this greater outward mobility, to people of lesser skills who are looking for jobs but cannot find them. Why not offer premises for community programs and community activities that are outside the narrow definition of Manpower programs but would help to generate and engender some good will?

Another approach that I should like to submit for your consideration has to do with the fact that, of course, Canada Manpower was, up until a year ago, when programs like OFY and LIP were introduced, virtually in the hands of the private sector in its ability to offer jobs to unemployed people. In times of job scarcity or of high unemployment it was, and still is, very difficult for Canada Manpower to find jobs for unemployed people who turn to them. That number increases in difficult times. The converse is valid, that when you have good economic times, when the private sector is generating jobs, people find jobs perhaps without having to turn to Canada Manpower. So, Canada Manpower does not have the tools and is not in a position to offer jobs when there is a necessity for that.

It seems to me that—to provide Canada Manpower with a job creating activity—and to me that job creating activity seems to be highly desirable—it would be necessary to amend the Unemployment Insurance Act. I will leave with you a paper on the subject. I will mention just two aspects, because of the limitation of time.

It seems to me that unemployment insurance could perform the role of ensuring employment if Canadians who are working continued to pay the premiums, not only to insure against unemployment if and when they qualify,

but also for the purpose of creating jobs, and in addition also for the purpose of paying additional allowances to people who are in Manpower training. This second aspect is not particularly novel. I imagine that the minister mentioned it to you when he appeared before you. It is already being tried as an experiment in the Province of Newfoundland for the first time this winter, where allowances from Manpower are topped with UIC payments to trainees.

The former aspect, however, has not been tried, but it seems to me that the time is ripe to turn the unemployment insurance institution into an institution that would help Manpower, that would assist Manpower, so that rather than being a negative instrument it picks up the fallout of the private sector when it cannot produce the jobs. It could thus be turned into a positive job creating agency by utilizing for positive purposes the premiums that are paid by working Canadians into the fund.

The difficulties of Manpower are also increased by the fact that for certain types of jobs it has to compete with private employment agencies that charge fees to the employers. As you know, there is an ILO convention—and we have over the years been very active in Geneva with the ILO—that was passed in 1949, which in essence prohibits—if that is the right terminology—the charging of fees to employees and to employers in the placement of jobs.

Senator Hicks: Not the employers.

Senator Croll: Not the employers, the employees.

Mr. Caccia: No, both employers and employees. It is our local Convention No. 96, passed in 1949. It was ratified by some 29 nations, including Belgium, France, West Germany, Holland, Norway and Sweden. We have not ratified that Convention, for some very good and understandable reasons. First of all, because it is a provincial responsibility. Secondly, because there is, I suppose understandably, pressure on the part of agencies which are active in that field and which would like to survive in that type of business. In my opinion, however, that amounts to a form of government taxation, because the Canadian taxpayer and the Canadian employer already pay through taxes for the functioning of the network we know by the name of Canada Manpower. In addition, whenever a Canadian employer decides to turn to the private agencies, he pays an additional fee to have a vacancy filled by the agencies. Of course, this cost is ultimately passed on to the consumer and certainly not absorbed by the employer, as we know. In addition to that, there is also a by-product of this activity, namely that, as I understand it, there is a tendency to offer within a particular sector, let us take, for instance, advertising, on the part of these private employment agencies jobs for workers which they placed in previous years with other employers with, of course, a higher salary. In other words, it is a kind of internal form of piracy, whereby a good person, once identified, is offered jobs at higher salaries through that agency for another employer which ultimately, of course, tends to push up the salary structure for that industry and sector, causing an inflationary effect in the long run.

The fourth point which I will raise, if I may, is one that has puzzled me for some time, namely the question of summer employment in agriculture, which has become particularly acute in recent years because of the understandable dismay on the part of the public when it learns that we are not able to harvest our crops and see farmers

forced to leave the crops in the fields in certain specialties in parts of southwestern Ontario because they simply do not have the manpower available to complete their operations. As a result, valuable crops rot in the fields because there just is not the manpower available. We have to resort, of course, to elaborate schemes involving temporary migrants from other countries. I have neither the resources nor time available to explore this matter in depth. However, it is my opinion that an area which should be explored, which would be worth while exploring at least, is that of adjusting the schedule of education in the high schools and throughout the school system in Canada, including universities, so that the period of school would coincide better with the period of harvesting. In this manner students would have the time available off school during the period when this type of employment is mostly needed, namely during the months of August and September. This would involve shifting the whole operation of the school system in such a way that it would mesh with the needs of the agricultural sector. At present it does not and therefore the problem is compounded. I suspect that in years to come this problem may become even more acute. I suspect also, that if it were to be meshed, because of the ideas which motivate young people and the desire to resolve the problem of food throughout the world, there could be motivation on the part of students to work on the farms if certain conditions were met. The most important of these is, of course, that of their timetable not continuing to be in conflict with that of the farmer.

I have a few other points, but since time is limited, Mr. Chairman, if you wish I will stop here and perhaps elaborate during the series of questions.

The Deputy Chairman: Thank you, Mr. Caccia. Perhaps we could start with the questioning and you could elaborate on the points we have missed.

Senator Hicks: Thank you, Mr. Caccia, for your interest in coming to us and the obvious knowledgeable position from which you speak on this matter. There are two or three points of more substance to which I would like to make reference when asking you questions. Before doing so, however, I could not help noticing that you led off your discussion by noting the difficulties faced by Canada as a federal state in dealing with problems of manpower, employment and so on. I would like to question that statement: Do you really believe that the federal nature of Canada complicates or makes this situation more difficult?

Mr. Caccia: Yes, in a sense I do. I would imagine, for instance, manpower placement services in the United Kingdom, or in smaller countries with centralized systems and no provincial levels of government with which to deal might find it considerably easier. I would not say that this is the major obstacle, but I would imagine that it is. I think that a smaller country would also be easier to manage.

Senator Hicks: Yes, I agree that the size of Canada and the dispersion of our population makes it very difficult. Even if we were a unitary state we would still have to establish the same number of offices and set up the same kind of regionalized, decentralized operations.

Mr. Caccia: We might also adopt the ILO Convention which I mentioned earlier.

Senator Hicks: Yes, if we consider it to be a good thing, but I will come to that.

I take it, then, from your mentioning of the ILO Convention and your remarks concerning the fact that private employment agencies are in competition with the Department of Manpower and Immigration in Canada, that you would favour the ratification of the ILO Convention?

Mr. Caccia: Yes, I would.

Senator Hicks: That would have the effect of putting all the private agencies out of business.

Mr. Caccia: That is correct.

Senator Hicks: So that the countries which have ratified the Convention are, in effect, countries which have denied the private sector the right to organize any kind of job placement services for a fee.

Mr. Caccia: Yes.

Senator Hicks: I confess to not having strong views in this regard, that is not having very exact knowledge of it, but my views, though not so strongly held, are that there may still be a place for some of the private agencies and, indeed, some of the officials from the Department of Manpower and Immigration have not been so strongly opposed to them as you seem to be.

Would you care to elaborate a little?

Mr. Caccia: You are quite right; there is a place for them if you want to provide a place for them and if you believe some competition is healthy for CMCs. You could make a good argument in their defence, I suppose. I would see that really, in essence, as a non-productive effort, because if they were not to exist tomorrow, their function would be picked up either by the newspapers through advertisements or by existing CMCs, which endeavour to specialize in the same fields, but with a lesser degree of success. When in West Germany last December, for instance,—and West Germany has ratified this convention—I believe Senator Benidickson spoke in the Senate about the visit last December—we spent a few hours in Frankfurt, in the equivalent of a Canada Manpower Centre, which specializes only in professionals. Of course, they have a monopoly. It was a very positive picture which they could give us. They had developed over the years considerable techniques in placing people. It was their *raison d'être*. In our case, as I have said before, it amounts to what is a double cost to the public: First through taxation, and, second, the cost that is passed by the employer to the public whenever it has to pay the fee to the private employment agency.

Senator Croll: The government, in that department, is not short of money. Yet in the executive field they have made no impact at all over the years. In the field, for instance, where Office Specialty is operating, they have made no impact at all. Office Specialty has the thing almost to itself. Despite the fact that I and others have to pay, we are prepared to do so because we have been to Manpower, we have tried Manpower, and have been unsuccessful. In those fields, you say, it costs more. Surely it costs something to do it and someone has to pay for it, but you get results. Is that not what you are looking for in that particular field at that time? How do you explain those three instances which I have given you?

Mr. Caccia: They are real and one has to deal with them. You are quite right. The assumption is that if the private employment agencies were not to exist, the CMCs would not be able to deliver the goods. I am inclined to think that

they would be able to deliver that service. Perhaps it would not be as fast. It would be a matter of a difference of hours, or of a day. But is efficiency all that worth?

Senator Hicks: To follow that up, you made reference to calling on a Manpower centre or its equivalent in West Germany which dealt only with professional people. You are asserting that they dealt successfully with them, that it was a productive operation.

Mr. Caccia: They seemed to be fairly successful. I would not say they were the ultimate. They also have their deficiencies. They certainly did not claim they were able to place all the people. Actually they admitted—and this would apply in our case as well—that the majority of placements would take place privately with the help of advertisements in the newspapers and by direct contact between the employer and potential employees.

Senator Croll: But you realize that the areas I have covered are not a matter of whim. Take the Executive. It is expensive to the employer to pay for that. Office Specialty and that group—that is expensive too. They do it only because they cannot get it in the other place. The demand is great. Why have we not walked into that field? We have been in the business now for five or six years.

Mr. Caccia: That is one of the reasons why you are holding your investigation—to discover ways in which the Canada Manpower system can be strengthened, because obviously there is a weakness here.

Senator Croll: You have known that for some years. You have been close to the government and to the minister, and nothing—I should not say “nothing”. I have heard you give the argument. You have not solved the problem. Where has the resistance come from?

Mr. Caccia: I do not think there is any resistance to speak of. If there is any resistance, there is perhaps on the part of the provinces. The Yukon and the Northwest Territories comply with this convention, but all the other provinces allow this kind of free charging operation to the employers. Actually that is a question which you should address to the provinces. If there is any resistance, we can only say that our Canada Manpower Centres operate to the best of their ability and despite stiff competition which they have to face with private agencies. Obviously we are losing in that race.

The Deputy Chairman: Is the potential employee losing by it? That is what we are concerned about.

Mr. Caccia: The loser is the public, because the cost is passed on to the consumer.

Senator Hicks: Mr. Chairman, I suggest to our witness that part of the reason why the Canada Manpower Centres have not thus far been so successful in the upper echelons of executive and professional job placements may very well have been the earlier association of job placement with Unemployment Insurance. The persons whom we are now talking about did not belong in a category that would have been drawing unemployment insurance. I think this is a very difficult area. I think there are different functions and there should be a distinction between placement of jobs and the compensation paid to a person who is out of a job. At the same time, for convenience, the two of them should be physically close to one another and not run under the same management. We have now separated them. Will this, or could this, have a

beneficial effect on the placement of so-called higher echelon employees?

Mr. Caccia: It is not just higher echelon. It includes stenographers, typists, and all the people who work in offices. It is a considerable slice of the labour market, at least in large cities among white collar workers. It is a considerable erosion of the system.

Senator Hicks: Is there a feeling on the part of some of those people against making use of Canada Manpower Centres, making use of the departmental offerings, as a matter of social custom?

Mr. Caccia: You would have to ask a typical client.

Senator Barrow: Certainly that is part of the answer. People will just not go to Manpower.

Senator Croll: Why?

Senator Barrow: Because there is some sort of stigma attached to it.

Senator Croll: I was going to mention—

Mr. Caccia: I do not know whether you want to make the comments or let me.

Senator Croll: But he too is experienced.

Mr. Caccia: I do not agree with his concept of it being a stigma.

Senator Croll: The surest job in the country today, any place, is a stenographer who can type and take notes. They can all get jobs, and they can almost name their price in some of the larger cities. It is the one sure thing in any place. Ninety per cent of those people in the city of Toronto go to private employment agencies; they do not even register with Manpower. I have never been able to find out why, except, as sometimes you people indicate, there is something about social status, which I do not agree with.

Mr. Caccia: Excuse me, senator. Registrations in an average Canada Manpower Centre, like the one in West Toronto, are pretty high. You might wish to have a look at the ratio between registrations and placements.

Senator Hicks: Of office workers—of secretaries?

Mr. Caccia: Of the total.

Senator Hicks: You are not saying that they are registrations of secretarial, clerical and office types?

Mr. Caccia: That would be a particularly interesting ratio as well. On April 4 I spent a few hours in the Canada Manpower Centre at Dundas and Pacific in West Toronto.

I brought along four figures for your consideration in relation to the operation in the month of March of this year. The number of registrations at that particular Canada Manpower Centre, which is an average one, for the month of March was 7,899. Referrals made to employers out of that, 7,899 totalled 1,648, and the placements numbered 577, of which 286 were permanent. This Canada Manpower Centre is in an area with a number of medium-sized industries and is run by a complement of 46 counsellors.

Senator Croll: You started with 8,000 and wound up with 250 permanent placements.

Mr. Caccia: Yes, the number of registrations shows that there is no stigma attached to the CMCs. People do make use of them. The question we are then left with is how effective can we make the placement operation in difficult economic times, with competition on the part of private employment agencies and without the creation of jobs in the public sector in times of rising unemployment. Here I am going back to my earlier thoughts as to the necessity of amending the Unemployment Insurance Act so as to provide for job creation.

Senator Hicks: We will come to that in a few minutes. I have three other topics I should like to touch upon briefly in my question. First of all, do I understand you to say that you feel that our smaller rural offices tend to operate in a better relationship with the communities in which they operate than is the case in our large cities?

Mr. Caccia: Yes.

Senator Hicks: You then suggested that there might be a community board of directors. You referred particularly to large offices and suggested that this board might consist of employer representatives, employees and officials of the Manpower Division. How would you envisage this board operating? It could not really be a board of directors, but rather an advisory board.

Mr. Caccia: That, I think, is better terminology.

Senator Croll: They do that now. We have had evidence on that.

Mr. Caccia: There may be the isolated case, but I am not aware that it is applied across the board. They may do it in Inverness, which is probably a fully integrated community where everyone knows everyone else, but they are not doing it in the large cities where there is a real need for it.

Senator Hicks: There may be a need for some sort of tightly structured advisory board.

Senator Croll: I think there are advisory boards and committees set up in the individual constituencies.

Mr. Caccia: What you are talking about, senator, is what are called CAGs, Community Advisory Groups. These groups advise the Minister of Manpower and Immigration on the acceptance of LIP applications, which is a totally different concept.

Senator Croll: No, that is not what Senator Graham was talking about at all. Let me tell you what he was talking about.

Senator Hicks: Why not let him tell us.

Senator Graham: I would far rather have Senator Croll tell it.

Senator Hicks: You think he can tell us what you were talking about better than you can.

The Deputy Chairman: I would prefer it this way, too, and then Senator Graham can correct it.

Senator Croll: As a matter of fact, I raised it first and Senator Graham agreed with me. I believe you were present, Mr. Chairman, at the time I raised it. The individual involved required certain work to be done in an area and he went to the people and formed an advisory board of employers, employees and others and took the advice from that board. All of a sudden, there was a

requirement for a certain kind of man to do work in the mine—

Senator Graham: Well, perhaps I had better clarify this again. It was not directly related to Manpower, although we did use Manpower facilities. What Senator Croll is really talking about is the period when I was with the Cape Breton Development Corporation. We introduced a system of scholarships as well as a technical training system. The scholarship system was to bring people out of the mines and either train them in engineering or other disciplines and put them back into the corporation as more senior employees. As to those who wanted to leave the mines altogether, we wanted to send them out into the world trained.

I think you would agree, Mr. Caccia, not only as a member of Parliament, but as a former Alderman of the City of Toronto, that you would prefer to have Maritimers or Nova Scotians who are looking for employment in Toronto trained than untrained.

Senator Hicks: But this is getting away from the point under discussion.

Senator Graham: I am just trying to clarify it.

Senator Croll: It was the advisory aspect of it with which I was dealing. I will come back to it later.

Senator Hicks: I wish you would elaborate as to how this advisory board might function. I do not think that a board of the type you are suggesting is functioning anywhere in Canada now. Perhaps there is someone from the Manpower Division here who can speak to that point.

Mr. Toupin: There are no such committees advising CMCs at the present time. There are LAMBS, of which Mr. Manion spoke at a prior meeting, and these provide advice to the farm labour pools. However, the CMCs are not being advised by committees of the type you are referring to.

Senator Hicks: This might be an interesting suggestion, then.

Mr. Caccia: There may be some problems in the way to approach it, but the concept, basically, is one that would allow the small and medium-size business community and the average guys, the working people, along with officials of the Manpower Division to get together regularly to make certain decisions, as a result of which the Manpower Division might decide to decentralize the local CMCs because it would be in the best interests of the total operation.

Senator Hicks: You made a rather surprising proposition—surprising to me, anyway—to the effect that some of the funds collected by the Unemployment Insurance Commission—and I suppose you mean funds collected from both employers and employees—should be provided for job creation and retraining. First of all, you would take a portion of the funds collected from both employers and employees?

Mr. Caccia: Yes.

Senator Hicks: How would those funds be used for job creation?

Mr. Caccia: The problem in appearing before you is that the terms of reference for your investigation are very tight. Some of the answers you are looking for are outside

the terms of reference of your investigation. Nevertheless, they have to be looked for in order to put Manpower in the position to do the job it is endeavouring to do.

You say it is a surprising statement on my part. It is outside the terms of reference of your investigation. I recognize that. As we have it now, an institution called the Unemployment Insurance Commission is there designated to pick up the slack when the private sector is in a recession. People then go into an unproductive period of weeks or months until the private sector is able to pick them up again. Is that not so?

Senator Hicks: Yes.

Mr. Caccia: This is a very desirable function. It is income maintenance of the best kind, but at the same time it is highly unproductive and leaves a number of jobs that people would like to see done in their communities undone. We have discovered through the experience of OFY, and subsequently LIP, that Canadians, be they in rural or urban communities, feel there are a number of essential jobs that need to be done, but which are not done by the private sector because they are not profitable, yet they are desirable.

I will mention a few. There is a desire to have jobs done in the environment, in recycling certain products, in cleaning up beaches or doing reforestation, in stocking our lakes and our seas. In the cities there are jobs that need to be done with elderly people, such as senior citizens services, in repairing their homes, looking after them when they have to go shopping, filling out certain forms, or even cleaning up the house if the elderly person has not the strength to do it alone any more. There are jobs to be done as assistant teachers, as assistant nurses, jobs vis-à-vis immigrants and their settlement adjustment. There is a variety of jobs, but they are not being done by the private sector because the element of profit is not there.

It stands to reason that an institution called unemployment insurance could perform, at least partially, a function called unemployment insurance, whereby a person who becomes unemployed is offered, if they want to take it, the opportunity of having a permanent job, not just short-term as we offer now with LIP, but a long-term job in the public sector, a job in the community until that person's job in the private sector, which would probably be better paying, again becomes available. To do that, of course, unemployment insurance would have to perform a role that is quite different from the role it now performs.

In addition, there is what the experiment in Newfoundland is all about, that of topping the Manpower allowance with an additional sum from UIC so as to provide a better income during the retraining period.

Senator Hicks: I can see how you could use the money for retraining if you wanted to do so, but in essence these moneys would be no more effective in retraining than any other moneys from the public or private sector that were put into retraining. I do not want to leave your job creation suggestion.

Mr. Caccia: They would not be more effective, but there would be a greater inducement to accept retraining if, while being retrained, there were an income justifying the person being at school.

Senator Hicks: This is right, but, as I say, that income would be no more attractive if coming from the unemployment insurance fund than if it came from other sources,

unless some people might think, "Well, I have contributed during my work period towards this."

Mr. Caccia: In narrow terms you are right, but in broader terms I think acceptance on the part of Canadians of paying weekly premiums into a fund which would have positive features, in addition to the features that it already has, would be much greater, because all those who work would know that their premiums are used, at least partially, for these things, namely, providing allowances for trainees, creating jobs in the public sector, and providing for those who do not fit into these other two avenues the income they have earned for unemployment insurance purposes.

Senator Hicks: I still want to go back to the job creation aspect. You cited a number of jobs which, for various reasons, were not attractive to the private sector but which needed to be done. You suggested that we might amass funds from the unemployment insurance fund that would be used to pay people to do these jobs. Is that what you are suggesting?

Mr. Caccia: Yes.

Senator Hicks: Would you compel people to do them?

Mr. Caccia: No.

Senator Hicks: Would you say, "Either you take this job or you don't get unemployment insurance"?

Mr. Caccia: No. Here we have to go a little outside the subject. To the unemployed person in a democratic system such as ours we would endeavour to offer several options, not just one, as we seem to be doing now, namely, "If you don't have a job you stay on unemployment insurance until a job comes up again." This is the option that is offered at present. It is true that we also offer the option of going into training if the person qualifies for training. However, it seems to me that it would be highly desirable that this range of options be amplified and extended to include also, for those who want to take it, who prefer to be active rather than idle, the possibility of being active in the community, doing a job that is considered to be useful, be it repairing a wharf in New Brunswick, building a community hall in Yellowknife, serving the neighbourhood through helping the senior citizens in Montreal, or in immigrant aid services in west Toronto.

Senator Croll: Are there not at the moment the alternatives of staying on unemployment insurance or taking training? Is there not another alternative now, agreed on between the federal and provincial governments, of community employment, which covers these various things that you say will come from the community and money provided by the provincial and federal governments? Is this not a third option available now?

Mr. Caccia: There has been an endeavour to have community employment in areas where there are pockets of chronic unemployment. It would be an additional expense. We would be tapping the unemployment insurance, and turning it round into an institution that would permit Manpower to offer jobs, to create jobs, and use some of its funds for that purpose. It is another layer in addition to what we have.

Senator Croll: It is getting pretty big, isn't it?

Mr. Caccia: Exactly.

Senator Croll: A little frightening too.

Senator Hicks: This might require pretty large sums of money to have an impact.

Mr. Caccia: This would be another subject. One would have to come here equipped with the figures for 1974. The unemployment insurance funds available during that year, I believe, were \$2.2 billion. You would have to decide what should be an acceptable yearly income of a person doing a job in the public sector. Should it be \$10,000, should it be \$8,000, should there be regional variations?

Senator Hicks: It would presumably be more than the unemployment insurance benefits.

Mr. Caccia: Yes, because these are socially valuable jobs. For 200,000 Canadians who are unemployed at so much per year, what would be the cost? Perhaps it would require an increase in the premiums. Here we return to the question of acceptance by Canadians. I think that politically the acceptance of Canadians would be much greater if they knew that the premiums were used for positive, constructive, useful activities, be they preparing people for jobs in the private sector through the traditional type of training, about which I have some reservations at times, or filling a need in the community by designing jobs for the community in which the people live. Here again, if the Canada Manpower Centre were to have an advisory board, the local advisory board would be able to inform Ottawa, the head office, what kind of jobs were needed in the community, and what funds were needed in order to fill those jobs for the local unemployed at certain times of the year, or for those who are chronically unemployed as well.

Senator Hicks: I think you have made your proposal much more attractive and worthy of consideration since you have elaborated it somewhat.

I will move to another topic unless there are further questions. With respect to your proposals for summer employment in agriculture and your suggestions that sometimes there have been critical situations involving the lack of harvesting of crops and so on, this seems to be pretty specialized in Canada. Would you seriously suggest that we should re-organize the whole school and university system to cope with a few such emergency situations? Bear in mind that students are also employed during the summer months by hotels to fill out their staffs. Do you suggest that they should put in the month of September in Banff, rather than having to return to college? I just wonder if you did not greatly exaggerate that situation?

Mr. Caccia: In the presence of farmers I should be a little more careful and admit ignorance, except for the fact that there would be nothing wrong for a nation to see the academic world, or the educational system adjust itself to the need of the rural society which is such a strong component in the life of that nation. If it means starting later in the year and ending at a different time than at present and that provides the rural community with the needs and satisfies the desire of the young people to feed the hungry in the world and bring to an end the rotting of certain products in certain months, August, September and October being the critical months, it would seem to be a desirable national goal.

Senator Hicks: Interesting.

Senator Croll: But even at the present time, when we are short and make an appeal for the students and others to come and help, they will not come.

Mr. Caccia: As I understand it, they have to return in the second week of September.

Senator Croll: But when they are pulled in for just the very work itself in southwestern Ontario and other areas and are not badly paid, they will not take it.

Mr. Caccia: I do not know whether they are not badly paid; I will leave that for others to decide. However, the system is geared in such a way that the two do not mesh.

Senator Hicks: This is true; they are put back in college at the beginning of September and the harvesting extends for at least another four or five weeks beyond that.

Senator Croll: I do not think the harvesting goes that much longer in southern Ontario, where a great amount of the harvesting takes place.

Senator Barrow: It does for apples.

Senator Hicks: And fruit in the Valley.

Senator Croll: I am thinking of southern Ontario.

Senator Hicks: Do not always think of Ontario, senator.

Senator Croll: It is a start.

Senator Hicks: There are also other parts of Canada. Do you know of the Outreach program in Montreal known as Fairshare? We heard witnesses from it last week. This is a voluntary group.

Mr. Caccia: I read of it two years ago.

Senator Hicks: Would you allow a non-profit organization such as that to carry on if Canada were to become a signatory to the ILO Convention, or would you consider them to be amateurs and not competing with Manpower?

Mr. Caccia: I consider it to be a most desirable development. We would be better off if there were more of that type. It is the fee-charging aspect which disturbs me.

Senator Hicks: So voluntary, non-profit and non-fee-charging agencies?

Mr. Caccia: Voluntary, if they wish to operate in a non-conventional environment with techniques of their own because they have connections of their own, without this massive fortress surrounding them which sometimes seems to be a feature of Canada Manpower centres in urban areas.

Senator Hicks: Manpower has largely supported the Fairshare program in Montreal.

Mr. Caccia: Yes, I believe it started in 1971 or 1972.

Senator Hicks: I believe they are running to the end of their time now and it was implicit in their presentation to us that we should take notice of their plight.

Senator Croll: I return to my earlier point. Your thoughts with respect to endeavouring to stop me from looking for services for which I am prepared to pay and which you have not available for me, in my opinion, trouble me.

Mr. Caccia: Yes, it is a very good point that in a democratic society there should be that option, but it is the whole theme of free enterprise. Perhaps Canada is based on a healthy mix between the two in having two airlines in competition, two railways in competition and Syncrude, which is a mixture of both. Perhaps this is another area which might remain as it is. I do not intend to go beyond that. I have put my case to you and I admit that some competition is healthy. However, in times of rising costs I do not believe that it is fair that the public should be asked to pay a double charge.

Senator Croll: It is not asked to pay double.

Mr. Caccia: Well, actually it is passed on to the consumer, period; it is not even asked.

Senator Croll: Even members of Parliament are hidden costs.

Mr. Caccia: Mr. Chairman, for those who wish to develop a critique on the approach to unemployment insurance, because there was not time to expound it and it is slightly outside the terms of reference, I will leave with you a paper which I presented two years ago at a conference at which Senator Forsey was chairman. The senators are most welcome to shoot holes through it and let me know where the system would fail in their opinion.

Senator Croll: Would you see if you can help me? One of the serious mistakes, of course, made in the early days in our welfare system was that we took welfare workers and turned them into clerks. As you know, they did not have an opportunity to become trained welfare workers. The minister told us that some time ago they hired counsellors and the numbers, as I recall, were sufficient to give people an opportunity to be heard and given some consideration by the counsellors. Now I hear constantly, and I think you also do, complaints particularly from older people who come into offices and report inattention on the part of various representatives. When you were visiting the offices, did you hear that or has anything changed to your knowledge?

Mr. Caccia: Do you mean attention for clients appearing at Canada Manpower Centres?

Senator Croll: Yes, that is what I have in mind.

Mr. Caccia: It has not been registered with me. To see and understand what happens on a day-to-day basis one would have to be there and really watch. I do not know.

Every large organization encounters a certain danger of sloppy performance because there is a percentage of workers who do not perform well and I suppose that Canada Manpower is not exempt from that element of human nature. What concerns me more is the question of whether in our Manpower training policies, so far we have really been able to match people with jobs—because in 1973 and 1974, when we had a very strong economy and were going at full steam, we still had what could be called a relatively large number of unemployed people and a relatively large number of vacant jobs, which would indicate to me that somehow we had a long way to catch up in this process of matching jobs to people.

Perhaps the emphasis, so far has been too much on matching people to jobs, of moulding people to jobs, rather than approaching it from the other way, of finding ways of adjusting jobs to people, with their shortcomings and limitations. Probably you have already heard about job vacancy rates and all those statistics, which would confirm some of what I am trying to say.

The Deputy Chairman: Honourable senators, I understand the witness has to leave at the call of the bell. I am sure there are questions which honourable senators would like to ask.

Mr. Caccia: I apologize, but when the bell rings it has a strange Pavlovian effect on me.

Senator Graham: Mr. Chairman, for the record may I clarify a point? Apparently there was a misunderstanding as to whether or not there was an advisory board engaged or attached to the Manpower offices in Cape Breton with respect to employment of skilled tradesmen in the heavy water plant. You will recall the difficulties they had with respect to some people who were employed there from another country. We had discussion at earlier hearings in respect of that problem. Senator Croll was under the misapprehension that there had been an advisory board. I thought he was leading into something else—plus the confusion. For the record, I want to say that there was not an advisory board in relation to that particular project.

The Deputy Chairman: Thank you, Mr. Caccia, for appearing before the committee.

I remind honourable senators that we will meet tomorrow morning in this room to hear Dr. André Raynauld.

The Committee adjourned.

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